CITY OF DESOTO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Prepared by the

FINANCIAL SERVICES DEPARTMENT

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INTERIM CITY MANAGER

M. Renee Johnson

CITY COUNCIL

Curtistene S. McCowan, Mayor

Kay Brown-Patrick, Council Member
Nicole Raphiel, Council Member
André Byrd, Council Memmer
Dinah Marks, Council Member
Candice Quarles, Council Member
Kenzie Moore III, Council Member

CITY OF DESOTO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

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CITY OF DESOTO, TEXAS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY SECTION

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City of DeSoto

March 17, 2020

To the Citizens of the
City of DeSoto, Texas

In accordance with State Law, municipalities are required to publish a complete set of audited financial statements with an opinion. Accordingly, these documents must be submitted six (6) months prior to the end of any given fiscal year (FY). Therefore, this detailed report fulfills that requirement for the FY that ended Monday, September 30, 2019.

Management assumes full responsibility for the completeness and reliability of information contained within this report, which is based upon a comprehensive framework of internal controls that were established for this purpose. The costs associated with implementing these internal controls should not exceed its anticipated benefits. In particular, the overall objective is to provide a reader with reasonable and not absolute assurance that all financial statements are free of material misstatements.

At the conclusion of the FY that ended on Monday, September 30, 2019, Pattillo, Brown & Hill, LLP, Certified Public Accountants issued the City of DeSoto an unmodified ("clean") opinion. In the beginning financial section of this document, a viewer can find the independent auditors' report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report that includes a narrative introduction, overview, and an analysis of basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the entire document for a superior level of understanding.

Profile

Located in the Best Southwest region of Dallas County, the City of DeSoto is in close proximity to downtown Dallas and has a total area that covers 21.6 square miles. In 2019, it was estimated that the City of DeSoto had 56,224 residents. This growing community has access to three (3) major thoroughfares, I-35 (eastern border), Highway 67 (western border) and I-20 (northern border).

As a political subdivision and municipal corporation of the State, the City of DeSoto adopted a home rule charter that serves as its governing document over local issues. This enabled the residents to establish a Council/Manager form of government. The policy making body is comprised six (6) Council members and a Mayor. These elected officials enact local legislation and adopt annual budgets. They are also responsible for appointing the City Secretary, City Attorney, City Manager and Judge.

The City Manager serves as the Chief Administrative Officer and is responsible for managing all municipal operations. Major services provided under general government and enterprise functions are: public safety (police and fire), street maintenance, water and sewer, parks and recreation, library and general administrative services.

Accounting System and Budgetary Control

The financial accounting system serves as a means to ensure that there are adequate internal controls. Internal controls provide a reasonable level of assurance in regards to, safeguarding assets against loss from unauthorized use or disposition, as well as the reliability of financial records for preparing statements and asset accountability. Management assumes responsibility for the completeness and reliability of the information contained within this report, which is based upon a comprehensive framework of established internal controls for this specific purpose. Most importantly, the cost of internal controls should not exceed its anticipated benefits. The overall objective is to provide reasonable, rather than absolute assurance that the financial statements are free from material misstatements.

The accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable. Once services or goods are received and the liabilities have been incurred, expenditures are then recorded. Accounting records for enterprise activities are maintained on an accrual basis.

Government-wide financial statements are prepared using the accrual basis of accounting, as well as the economic resources measurement focus. In particular, these statements do not provide information by fund. It is separated by activities associated with governmental, business-type, discretely presented component units on statements for net assets and activities.

Budgetary Controls - During the preliminary budget process, proposed revenues and expenditures for each department are thoroughly analyzed by two (2) departments (Finance and Administration). At the conclusion of these departmental reviews, the City Council will be forwarded a copy of these finalized documents. In accordance with the City Charter, the City Council must adopt a budget ten (10) days in advance of a new fiscal year.

The overall objective for having these budgetary controls is to ensure compliance with legal provisions. Activities of the general fund (GF), water and sewer fund, and all other funds are included in the annual budget. The level of budgetary controls (the level that expenditures cannot legally exceed its appropriated amounts) is established by departments within its individual fund. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the City Council.

Relevant Financial Policies

By policy, the annually adopted FY budget must be balanced with fund reserves. In FY 2019, the GF had a fund balance of $ $28,228,749, which exceeded the mandated reserve requirement of 60-days.

Every FY, the City utilizes its long-range planning policy to project future revenues and expenditures. This process enables the City to identify potential deficits and opportunities for financial growth over a two (2) year period. For illustration purposes, the FY2020 planning and FY2019 budgets were prepared in collaboration with one another.

The investment policy was established to minimize credit and market risks. It is updated and reauthorized on an annual basis by the City Council in compliance with the Texas Public Funds Investment Act.

The investment policy was established with objectives consistent with state and local laws. Investments follow the hierarchy to preserve capital, safety of principal and security of invested funds; maintenance of sufficient liquidity to meet operating goals; diversification of investments to avoid unreasonable or avoidable risks; insurance of public trust; and optimization of return on the portfolio.

Cash management is the process of managing currency in order to ensure maximum availability and optimum yield on short-term investments of idle funds. An aggressive cash management program that is consistent with this Investment Policy will provide investment interest as revenue for all operating and capital funds. The portfolio is designed and managed in a manner responsive to the public trust. Earnings from investments are used in a manner that best serves the City.

Local Economy

Major businesses within the municipal limits of DeSoto are distribution, retail, healthcare, grocery, manufacturing, transportation or e-commerce. The aforementioned company employs over 2,000 employees. The civilian employed workforce was estimated at approximately 34,055. The unemployment rate as of October 31, 2019 was 4.1%,which is slightly higher than Dallas, Fort Worth, and Arlington area rate of 2.9%.

DeSoto benefits from being located twelve (12) miles south of Dallas and is accessible from several major transportation thoroughfares. This prime location serves as a gateway to job opportunities in Dallas, Fort Worth and the Mid-Cities. Its estimated population of 56,224 has grown to a notable 15% since 2010, which ushered in a 17% rise in households. During that same years, the overall taxable assessed valuation increased by 60.%.

Long-term Financial Planning

Historically, the City has maintained solid general fund balances. The FY2019 fund balance of the General Fund was approximately $ 28.2 million or roughly 79% of spending. As a proactive measure, the budget is continuously analyzed for deficiencies as means to thwart revenue from being lost. By managing the budget in this manner, fund reserves are not used for ongoing operational expenses.

Because of the City's proximity to Interstate 35 East and Interstate 20, businesses are recognizing DeSoto as one of the region's hot spots for growth. The City is committed to supporting new and expanding companies by creatively customizing incentive packages that are based upon individual business needs.

The City also has more than 400 acres of land that are available for industrial and commercial development. These parcels are located within the DeSoto Eagle Industrial and Business Park. The Hillwood Crossroads Trade Center, which is located in the Industrial Park, offers 1.8 million square feet of build-to-suit distribution or light industrial space for lease at Centre Park Blvd and Interstate 35 East.

Major Initiative

The 2019-2020 fiscal year included initiatives such as:

- Maintain the current level of public services provided by all municipal departments
- Continue to market the Eagle Industrial Park to generate new business opportunities
- Increase the value of commercial, as well as residential assets through new development and redevelopment
- Develop a regional economic development vehicle to attract major employers to the Best Southwest region
- Continue to pursue Family style restaurants and new retail
- Review and update the Master Comprehensive Plan

Awards and Acknowledgements

Awards - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial reporting for the FY that ended September 30, 2018. This is a prestigious national award that recognizes conformance with the highest standards for preparing State and Local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) that conforms to program standards. A (CAFR) must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

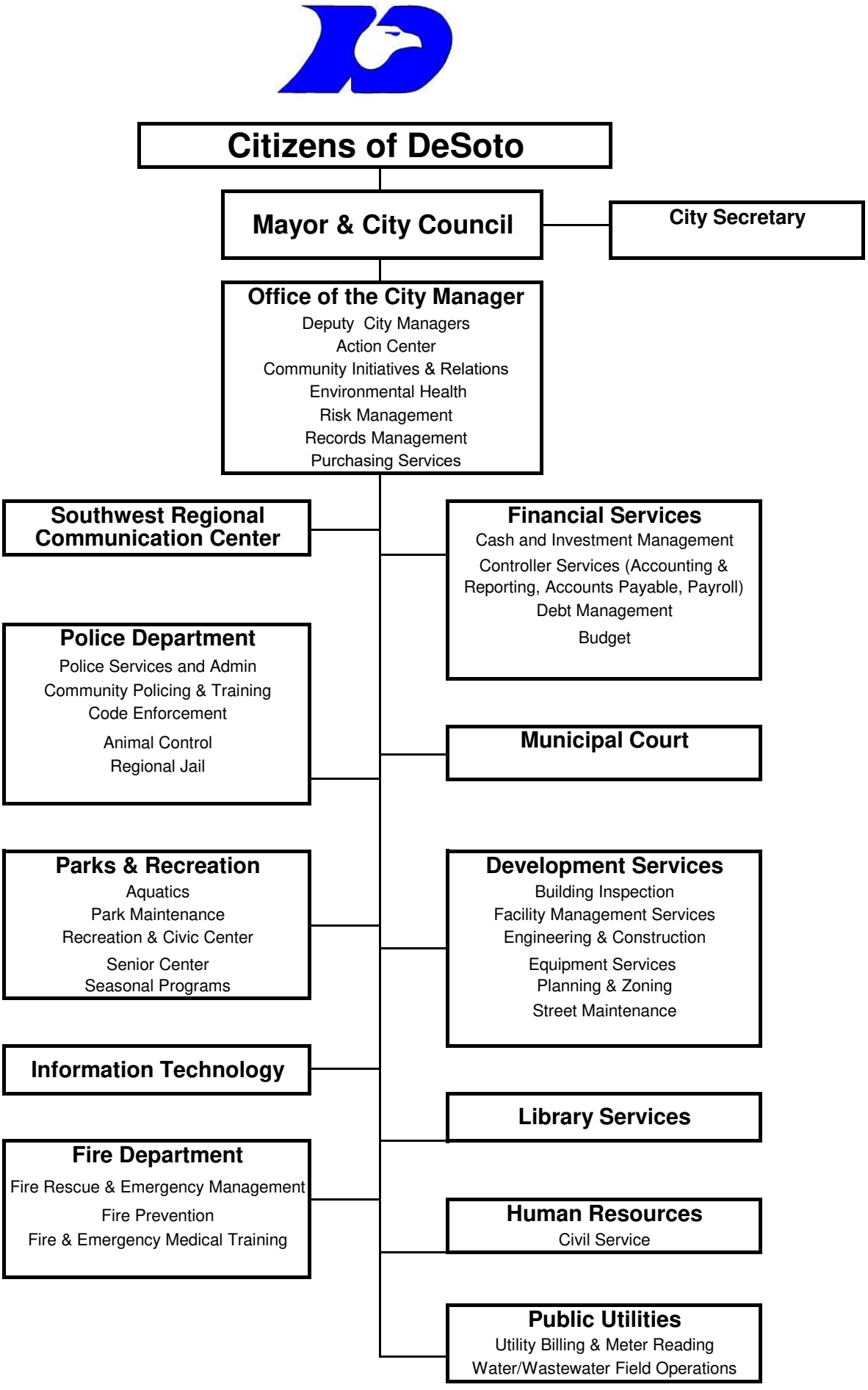
A Certificate of Achievement is only valid for one (1) year. Over the past 34 FYs, DeSoto has received this prestigious award. Synonymous with previous GFOA reports that DeSoto submitted, this report will also conform to program requirements for the Certificate of Achievement.

This report could not have been accomplished without the tireless dedication and due diligence of staff. Most importantly, our staff would like to commend both the Mayor and City Council for their unwavering contributions throughout this entire financial planning process.

Respectfully,

M. Renee Johnson
Interim City Manager

Tracy L. Cormier
Managing Director of Financial Services


Citizens of DeSoto
Mayor & City Council
City Secretary
Office of the City Manager
Deputy City Managers
Action Center
Community Initiatives & Relations
Environmental Health
Risk Management
Records Management
Purchasing Services
Southwest Regional Communication Center
Financial Services
Cash and Investment Management
Controller Services (Accounting & Reporting, Accounts Payable, Payroll)
Debt Management
Budget
Police Department
Police Services and Admin
Community Policing & Training
Code Enforcement
Animal Control
Regional Jail
Municipal Court
Parks & Recreation
Aquatics
Park Maintenance
Recreation & Civic Center
Senior Center
Seasonal Programs
Development Services
Building Inspection
Facility Management Services
Engineering & Construction
Equipment Services
Planning & Zoning
Street Maintenance
Information Technology
Library Services
Fire Department
Fire Rescue & Emergency Management
Fire Prevention
Fire & Emergency Medical Training
Human Resources
Civil Service
Public Utilities
Utility Billing & Meter Reading
Water/Wastewater Field Operations

City Officials
City Council

Curtistene S. McCowan
Mayor
Place One

Kay Brown-Patrick
Place Two

Andre' Byrd
Place Four

Candice Quarles
Place Six

Nicole Raphiel
Place Three

Dinah Marks
Place Five

Kenzie Moore III
Mayor Pro Tem
Place Seven

Joe Gorfida
City Attorney

City Management
M. Renee Johnson
Interim City Manager

Isom Cameron
Deputy City Manager

Vacant
Deputy City Manager

Tamara Bell
Managing Director
Southwest Regional Communication Center (SWRCC)

Vacant
Managing Director
Public Utilities

Joseph Costa
Police Chief
Police Department

Jerry Duffield
Fire Chief
Fire and EMS Department

Tom Figert
Managing Director
Information Technology

M. Renee Johnson
Managing Director
Parks & Recreation

Crystal Owens
Managing Director
Development Services

Tracy L. Cormier
Managing Director Financial Services

Scott Kurth
Judge
DeSoto Municipal Court

Kerry McGeath
Managing Director
Library Services

Kisha Morris
City Secretary

Kathleen Shields
Managing Director
Human Resources

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of DeSoto Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of DeSoto, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of DeSoto, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of DeSoto, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of DeSoto's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of DeSoto, Texas, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeSoto, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, on our consideration of the City of DeSoto, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of DeSoto, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of DeSoto (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report, and the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2019 fiscal year by $189,600,224 (net position). Of this amount, $33,599,649 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of fiscal year 2019, the City's governmental funds reported combined ending fund balances of $56,313,641, an increase of $17,446,647 from the prior year. Approximately 50% of this total amount is unassigned fund balance.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $27,904,582 or 78% of total General Fund expenditures.

- The City's total capital assets net of accumulated depreciation increased by $1,865,578. The increase is due to current year additions and retirements of capital assets, net of depreciation.

- The City's governmental and business-type activities outstanding general obligation bonds and certificates of obligation decreased $7,000 to a total outstanding amount of $74,290. The decrease is due to scheduled principal payments in fiscal year 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information in order to present how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will only result in changes in cash flows for future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business- type activities). The governmental activities of the City include general government, public safety, development services, financial services, municipal court parks and recreation, library services, human resources, and information technology. The business-type activities of the City include public utilities, drainage systems, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also include the DeSoto Health Facilities Development Corporation, the DeSoto Housing Finance Corporation and the DeSoto Industrial Development Authority, Inc., which are legally separate but financially accountable to the City. A blended presentation has been used to report the financial information of these component units. That means that the component unit balances and transactions are reported in a manner similar to the balances and transactions of the primary government. Additionally, the government-wide financial statements include the DeSoto Economic Development Corporation and the DeSoto Park Development Corporation as part of its reporting entity as discretely presented component units. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government. The DeSoto Economic Development Corporation and the DeSoto Park Development Corporation are legally separate entities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The fund financial statements for governmental funds, proprietary funds and fiduciary funds can be found in the financial section of this report.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 17 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds. Data from the other 15 governmental funds are combined into a single aggregate presentation.

The City adopts an annual appropriated budget for its general fund. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual is provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public utility, drainage and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for public utility, drainage and sanitation, all of which are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds. The Agency Fund is one of the City's fiduciary funds and it accounts for the funds held in an agency capacity for the Southwest Regional Communication Center. See Note 1 for additional information pertaining to fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 31 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation. Required supplementary information immediately follows the notes to the financial statements.

Combining statements and budgetary comparison schedules for non-major governmental funds and component unit fund financial statements follow the section on required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2019, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $189,600,224.

The largest portion of the City's net position (78%) reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $33,599,649 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2019, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of DeSoto's Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 63,829,956	$ 54,544,239	$ 31,921,013	$ 26,491,851	$ 95,750,969	$ 81,036,090
Capital assets	134,831,275	132,403,102	59,225,686	59,788,282	194,056,961	192,191,384
Total assets	198,661,231	186,947,341	91,146,699	86,280,133	289,807,930	273,227,474
Deferred outflows of resources	8,032,178	2,855,697	789,570	304,019	8,821,748	3,159,716
Total outflows of resources	8,032,178	2,855,697	789,570	304,019	8,821,748	3,159,716
Current and other liabilities	4,365,797	4,425,924	4,203,402	3,557,373	8,569,199	7,983,297
Long-term liabilities	78,701,631	66,247,716	20,482,039	15,391,667	99,183,670	81,639,383
Total liabilities	83,067,428	70,673,640	24,685,441	18,949,040	107,752,869	89,622,680
Deferred inflows of resources	1,166,716	3,796,271	109,869	88,800	1,276,585	3,885,071
Total inflows of resources	1,166,716	3,796,271	109,869	88,800	1,276,585	3,885,071
Net position:						
Net investment in capital assets	99,237,824	80,033,283	48,890,037	48,169,097	148,127,861	128,202,380
Restricted	7,872,714	7,593,680	-	-	7,872,714	7,593,680
Unrestricted	15,348,727	27,706,164	18,250,922	19,377,215	33,599,649	47,083,379
Total net position	$ 122,459,265	$ 115,333,127	$ 67,140,959	$ 67,546,312	$ 189,600,224	$ 182,879,439

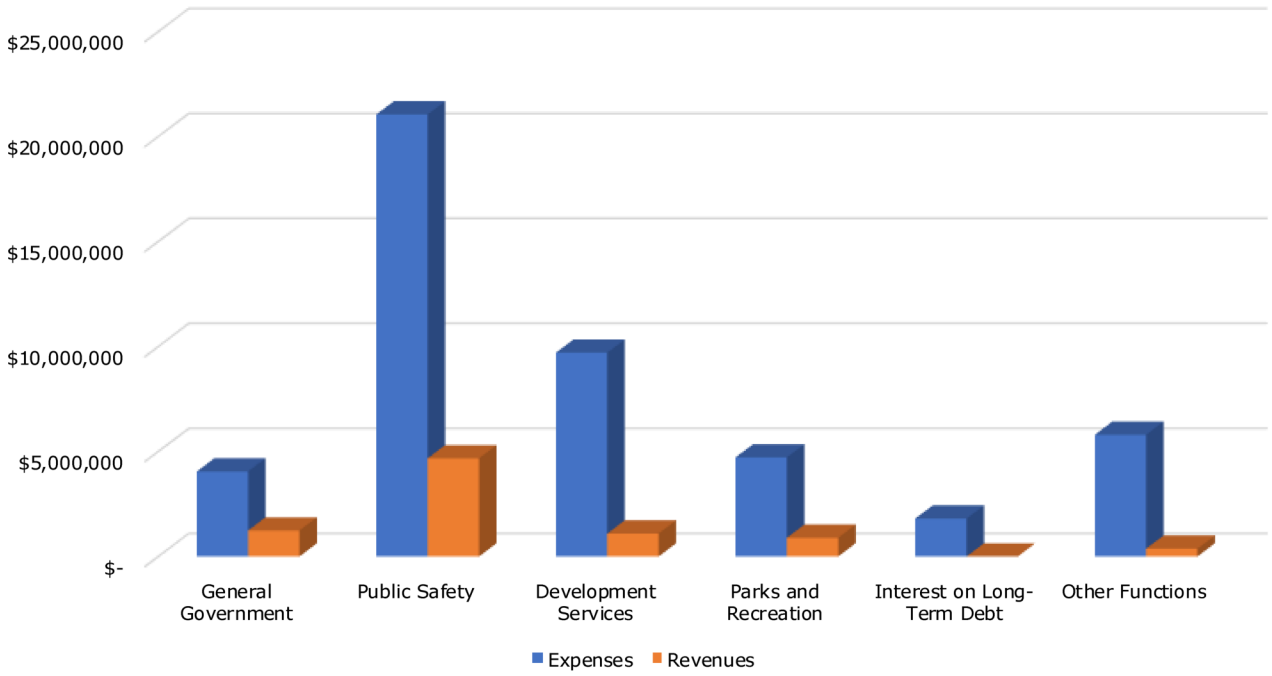
Governmental activities. Net position decreased by $7,126,138 in fiscal year 2019. This is compared to an increase of $4,392,585 in fiscal year 2019. During the current year, there were increases in property taxes, other local taxes, and interest income earned. Governmental expenditures increased largely in the area of general government and development services.

Business-type activities. Net position decreased by ($405,353) in the current year compared to increase of $745,639 in fiscal year 2019. The increase in net position as compared to prior year is contributable to the increase in revenue related to charges for services, interest income earned and a decrease in expenses related to storm drainage repair and maintenance cost.

City of DeSoto's Changes in Net Position
Government-Wide

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 6,999,890	$ 6,569,195	$ 29,552,297	$ 27,869,514	$ 36,552,187	$ 34,438,709
Operating grants & contributions	1,260,717	1,009,861	-	-	1,260,717	1,009,861
Capital grants & contributions	-	150,000	-	-	-	150,000
General revenues:						
Property taxes	29,506,876	27,172,987	-	-	29,506,876	27,172,987
Other local taxes	12,579,472	12,580,779	-	-	12,579,472	12,580,779
Investment earnings	950,107	647,466	447,119	207,387	1,397,226	854,853
Miscellaneous	832,431	713,774	-	-	832,431	713,774
Total revenues	52,129,493	48,844,062	29,999,416	28,076,901	82,128,909	76,920,963
Expenses:						
General government	4,048,074	5,049,294	-	-	4,048,074	5,049,294
Public safety	21,051,755	19,970,864	-	-	21,051,755	19,970,864
Developmental services	9,707,942	10,626,406	-	-	9,707,942	10,626,406
Financial services	1,292,733	553,589	-	-	1,292,733	
Municipal court	778,528	654,228	-	-	778,528	
Information technology	1,677,972	1,183,645	-	-	1,677,972	1,183,645
Human resources	698,423	543,970	-	-	698,423	543,970
Parks and recreation	4,717,832	4,374,426	-	-	4,717,832	4,374,426
Library services	1,348,581	1,046,804	-	-	1,348,581	1,046,804
Interest on long-term debt	1,805,323	1,797,897	-	-	1,805,323	1,797,897
Pubic utility	-	-	22,201,294	19,439,621	22,201,294	
Storm drainage	-	-	1,269,645	1,187,471	1,269,645	1,187,471
Sanitation	-	-	4,810,022	4,522,062	4,810,022	4,522,062
Total expenses	47,127,163	45,801,123	28,280,961	25,149,154	75,408,124	50,302,839
Revenues in Excess of Expenses	5,002,330	3,042,939	1,718,455	2,927,747	6,720,785	5,970,686
Transfers	2,123,808	2,123,808	(2,123,808)	(2,123,808)	-	-
Change in net position	7,126,138	5,166,747	(405,353)	803,939	6,720,785	5,970,686
Net position - beginning of year	115,333,127	110,940,542	67,546,312	66,800,673	182,879,439	177,741,215
Prior period adjustments	-	(774,162)	-	(58,300)	-	(832,462)
Net position - end of year	$ 122,459,265	$ 115,333,127	$ 67,140,959	$ 67,546,312	$ 189,600,224	$ 182,879,439

Analysis of the City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2019. Overall, the City had an increase in net position of $6,720,785. Overall revenues and expenses increased over the prior year.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the 2019 fiscal year, the City's governmental funds reported combined ending fund balances of $56,313,641, an increase of $9,787,084 from the prior year. Approximately 50% of this total amount is available for spending at the City's discretion. A portion of the remaining fund balance in the amount of $19,704,528 is not available for new spending because it is restricted to pay for 1) street improvements and capital projects 2) debt service 3) public safety grants and 4) economic development projects.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $27,904,582, while the total fund balance was $28,399,960. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total expenditures. Unassigned fund balance represents 78% of the general fund expenditures.

The final general fund budget for fiscal year 2019 reflected a decrease of ($2,728,243) in fund balance. The actual change in fund balance was an increase of $3,542,088. Contributing factors was the realization of revenues $2,243,092 over the budgeted amounts and overall expenditures $3,960,364 under budgeted amounts. Key factors affecting fund balance are as follows:

- Total actual General Fund revenues of $40,842,172 increased from FY 2018 actuals by $2,892,918 and were greater than budgeted FY 2019 by $2,243,092.
    - Property tax revenue increased by $3,015,495 from FY 2018 actuals as the overall property tax rate decreased by 2.5%; the number of parcels increased by 0.147%; and the taxable values increased by 12.15%.

- Sales tax revenues increased by $140,744 and franchise fees increased by ($126,358).

- Intergovernmental revenue decreased by $73,698, which was due to a FEMA reimbursement for the Tornado disaster in the prior year.

- Charges for services decreased by $331,349 due primarily to ambulance service charges.

- Fines and forfeitures increased by ($208,119) due to a shift in traffic division personnel in the Police Department.

- Franchise fees increased by ($126,358) as the result of increased franchise fees.

- Total General Fund expenditures of $35,763,497 increased by ($764,395) from FY 2018 actuals and were less than budgeted FY 2019 amounts by $3,960,364.

    - General government increased by $1,880,901 from FY 2018 actuals due to newly created positions, the purchase of land related to the Hampton Road land project, and also an increase in participant expenses for SWRCC and Tri City Jail.

    - Public safety - Police expenditures decreased by $660,123, primarily due to a number of vacant positions during the year.

    - Public safety - Fire expenditures increased by $78,193 primarily due to an increase in personnel costs.
    - Development Services expenditures decreased by $58,259 primarily due to a decrease in professional service contracts, machinery and equipment cost and utilities.

    - Financial services expenditures increased by $711,097 primarily due to an increase in personnel costs.

    - Information technology expenditures increased by $463,424 due to additional personnel and computer software and equipment purchases.

    - Human Resources expenditures increased by $133,528 for personnel and wellness and benefit expenditures.

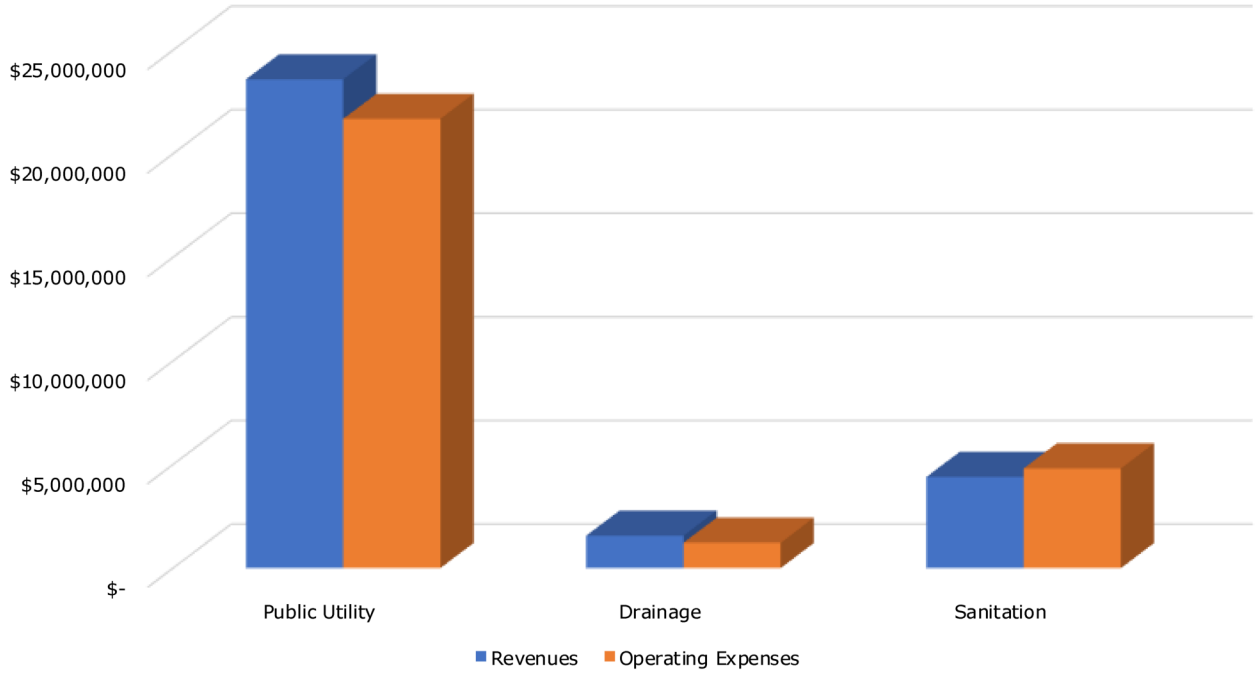
    - Parks and recreation services expenditures increased by $208,327 due to personnel and repair and maintenance of park facilities.

    - Capital outlay expenditures increased by ($1,642,452) due to large expenditures in FY 2019 related to machinery and equipment, motor vehicles and a fire truck.

The actual revenues of $40,842,172 were more than the budgeted revenues by $2,243,092. Property tax, sales tax, franchise fees, fines and forfeitures, licenses and permits, investment earnings, recreation services, and miscellaneous revenue exceeded the budgeted amount. The actual expenditures of $35,763,497 were $3,960,364 less than final budgeted expenditures.

Debt service fund balance increased by $559,476 due to the increase in tax revenue collected from improved taxable value and interest earnings on available funds.

The fund balance of the Street Improvement fund decreased by $2,750,475 due to the progression of various street improvement projects in 2019 that were identified in the five-year capital improvement plan.



Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the respective proprietary funds are Public Utility - $13,046,915, Storm Drainage - $3,698,925, and Sanitation - $1,505,082. The net position for the Public Utility fund increased ($364,393); Storm Drainage increased $338,707 and Sanitation decreased ($379,667). The overall change in net position for business-type activities was an increase of ($405,353). Public Utility Fund revenues increased with a sewer service base rate and volume charge increase. Overall Proprietary Funds operating revenues of $28,160,868 reflected an increase of $1,682,783 or an increase of approximately 6% compared to FY 2018. Proprietary Funds operating expenses of $28,280,961 reflected an increase of $3,131,807 or an increase of approximately 12% from FY 2018. There were increases in the cost of supplying water and wastewater treatment, refuse collection expense, personnel costs, and repair and maintenance in the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2019, the City had $194.3 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, and water and sewer lines. This amount represents a net increase of $2.1 million from the prior fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 9,076	$ 7,341	$ 1,244	$ 1,244	$ 10,320	$ 8,585
Construction in progress	10,978	8,123	4,804	3,813	15,782	11,936
Street/Alley ROW	14,073	14,073	-	-	14,073	14,073
Buildings	24,067	24,167	-	-	24,067	24,167
Infrastructure	73,408	75,289	52,620	53,763	126,028	129,052
Equipment and furniture	3,229	3,409	825	968	4,054	4,377
	$ 134,831	$ 132,402	$ 59,493	$ 59,788	$ 194,324	$ 192,190

Major capital asset events during the 2019 fiscal year include the following:

- Alley Reconstruction Project: The scope of work for this project consisted of the removal and replacement of the alleys serving Misty Glen Drive/Ray Andra Drive and Stony Creek Drive/Hanna Avenue Alley. The estimated capitalized cost for this project is $446,000.

- Fueling Station Replacement: The scope of work for this project included a new station with above ground tanks, fuel pumps, tracking software and landscape improvements. The estimated capitalized cost for this project is $435,000.

- Cooling Tower & Chiller Pump Replacement: The scope of this project consisted of replacing the HVAC chiller tower and pump located at the Town Center facility. Replacement of the cooling tower and chiller pump will ensure reliability and reduce operation and maintenance costs. The estimated capitalized cost of this project is $175,000.

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

Debt Administration

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	$ 44,700	$ 45,466	$ 4,025	$ 4,509	$ 48,725	$ 49,975
Certificates of obligation	11,655	7,735	13,910	9,580	25,565	17,315
	$ 56,355	$ 53,201	$ 17,935	$ 14,089	$ 74,290	$ 67,290

The City has an AA rating from Fitch and an AA rating from Standard & Poor's. Additional information on the City's long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The two major financing sources for general government operations: Property Tax and Sales Tax are the major areas of focus. In the coming year, an increase in general government Property Tax revenue is estimated due to the City's increase in assessed valuation for Tax Year 2019. The City's tax rate will be reduced for the fifth year in a row in fiscal year 2020. The FY 2020 budget was adopted with total tax rate of $.701554 per $100 valuation and an Operation & Maintenance tax rate of $0.55016 and Interest and Sinking tax rate of $0.151394.

Sales Tax is the second largest revenue source. In 2019, retail and industry taxable sales were substantially unchanged. Revenue related to sales tax exceeded general fund budget by approximately 16.3%; with overall revenue slightly higher than FY2018. The budget estimates for Franchise Fees for FY 2019 actuals were slightly less than prior year and were just short of budget expectations. In FY 2019 the budget for franchise fees have been conservatively budgeted to be consistent with FY2018. Charges for services exceeded current year budgeted revenues by $102,119. Because this category of revenue collections can span a number of fiscal years it will be budgeted conservatively in FY 2020. Overall, budgeted revenue in the General Fund for FY 2019 increased by approximately $2,770,417, which represents the increase in property tax revenue based on an increase in taxable values for FY19 budget.

The fiscal year 2019 budget provides funding for all aspects of our service delivery. This spending plan meets the objective of maintaining the current level of services.

Because the City is a service organization, a major portion of the operating budget is allocated to employee compensation and fringe benefits. Maintaining these items at a current market rate requires that new resources be allocated annually. The increases in salary will reflect a 2% increase for eligible employees and also an increase related to a compensation study completed in January of 2019. These normal increases appear in the budget each year in addition to any potential market adjustment. Also, programmed into FY 2019 budget were additional positions to enhance services and increased to insurance costs.

In addition to salary adjustments, in the past, we have experienced a decrease in the Texas Municipal Retirement System ("TMRS") contribution rates. It is important to note that in fiscal year 2019 we will continue participation in TMRS, and the City's match will remain 2:1. In FY 2020, the actuarial rate will be 11.13%, which is an increase of 0.03% from the previous fiscal year. This allows us to continue in TMRS and meet the UAAL obligation over time. All other personnel related benefit programs remain at the level reflected in the fiscal year 2019 budget.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Finance Managing Director, 211 E. Pleasant Run Road, DeSoto, Texas 75115, or call (972) 230-9678, or email tcormier@desototexas.gov.

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BASIC
FINANCIAL STATEMENTS

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CITY OF DESOTO, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 56,932,884	$ 27,790,177	$ 84,723,061
Receivables, net of allowances	5,217,785	4,094,422	9,312,207
Due from other governments	109,054	14,125	123,179
Internal balances	(12,692)	12,692	-
Inventories	55,378	9,597	64,975
Prepaid items	3,003	-	3,003
Notes receivable	630,000	-	630,000
Investment in joint ventures	894,544	-	894,544
Capital assets:			
Non-depreciable	34,127,312	6,004,675	40,131,987
Depreciable, net	100,703,963	53,221,011	153,924,974
Total capital assets	134,831,275	59,225,686	194,056,961
Total assets	198,661,231	91,146,699	289,807,930
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts - pension related	7,492,160	715,728	8,207,888
Deferred amounts - OPEB related	56,891	4,223	61,114
Deferred charge on refunding	483,127	69,619	552,746
Total deferred outflows of resources	8,032,178	789,570	8,821,748
LIABILITIES			
Accounts payable and accrued expenses	2,510,810	2,359,170	4,869,980
Accrued liabilities	1,382,027	87,932	1,469,959
Accrued interest payable	329,650	65,322	394,972
Unearned revenue	93,310	-	93,310
Customer deposits	50,000	1,690,978	1,740,978
Noncurrent liabilities:			
Due within one year:			
Long-term debt	6,268,860	1,314,233	7,583,093
Total OPEB liability	8,367	621	8,988
Due in more than one year:			
Long-term debt	61,190,832	18,113,049	79,303,881
Net pension liability	10,340,591	987,851	11,328,442
Total OPEB liability	892,981	66,285	959,266
Total liabilities	83,067,428	24,685,441	107,752,869
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts - pension related	1,092,211	104,339	1,196,550
Deferred amounts - OPEB related	74,505	5,530	80,035
Total deferred inflows of resources	1,166,716	109,869	1,276,585
NET POSITION			
Net investment in capital assets	99,237,824	48,890,037	148,127,861
Restricted for:			
Debt service	5,078,298	-	5,078,298
Public safety	771,743	-	771,743
Economic development	2,022,673	-	2,022,673
Unrestricted	15,348,727	18,250,922	33,599,649
Total net position	$ 122,459,265	$ 67,140,959	$ 189,600,224

The accompanying notes are an integral part of these financial statements.

Component Units	
DeSoto Parks Development Corporation	DeSoto Economic Development Corporation
$ 618,941	$ 3,118,309
142,302	426,905
-	-
-	-
-	-
-	-
-	34,256
-	-
11,250	-
1,731,271	-
1,742,521	-
2,503,764	3,579,470
-	-
-	-
-	6,578
-	6,578
-	29,848
-	-
8,643	14,931
-	-
-	50,804
300,000	250,000
-	-
645,000	1,306,091
-	-
-	-
953,643	1,651,674
-	-
-	-
-	-
797,521	-
-	-
-	-
-	-
752,600	1,934,374
$ 1,550,121	$ 1,934,374

CITY OF DESOTO, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 4,048,074	$ 685,093	$ 549,681	$ -
Public safety	21,051,755	4,304,001	369,087	-
Developmental services	9,707,942	1,090,269	-	-
Financial services	1,292,733	-	-	-
Municipal court	778,528	-	-	-
Information technology	1,677,972	-	-	-
Human resources	698,423	-	-	-
Parks and recreation	4,717,832	885,912	2,725	-
Library services	1,348,581	34,615	339,224	-
Interest on long-term debt	1,805,323	-	-	-
Total governmental activities	47,127,163	6,999,890	1,260,717	-
Business-type activities:				
Public utility	22,201,294	23,591,911	-	-
Storm drainage	1,269,645	1,563,225	-	-
Sanitation	4,810,022	4,397,161	-	-
Total business-type activities	28,280,961	29,552,297	-	-
Total Primary Government	$ 75,408,124	$ 36,552,187	$ 1,260,717	$ -
Component Units:				
DeSoto Parks Development Corporation	$ 537,740	$ -	$ -	$ -
DeSoto Economic Development Corporation	2,880,493	274,784	-	-
Total Component Units	$ 3,418,233	$ 274,784	$ -	$ -
General Revenues:				
Taxes:				
Property taxes				
Franchise and other taxes				
Sales taxes				
Hotel occupancy				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	DeSoto Park Development Corporation	DeSoto Economic Development Corporation
$(2,813,300)	$ -	$(2,813,300)	$ -	$ -
(16,378,667)	-	(16,378,667)	-	-
(8,617,673)	-	(8,617,673)	-	-
(1,292,733)	-	(1,292,733)	-	-
(778,528)	-	(778,528)	-	-
(1,677,972)	-	(1,677,972)	-	-
(698,423)	-	(698,423)	-	-
(3,829,195)	-	(3,829,195)	-	-
(974,742)	-	(974,742)	-	-
(1,805,323)	-	(1,805,323)	-	-
(38,866,556)	-	(38,866,556)	-	-
-	1,390,617	1,390,617	-	-
-	293,580	293,580	-	-
-	(412,861)	(412,861)	-	-
-	1,271,336	1,271,336	-	-
$(38,866,556)	$ 1,271,336	$(37,595,220)	$ -	$ -
			$(537,740)	$ -
			-	(2,605,709)
			$(537,740)	$(2,605,709)
$ 29,506,876	$ -	$ 29,506,876	$ -	$ -
3,063,055	-	3,063,055	-	-
8,474,803	-	8,474,803	867,142	2,601,427
1,041,614	-	1,041,614	-	-
950,107	447,119	1,397,226	6,275	41,667
832,431	-	832,431	-	9,692
2,123,808	(2,123,808)	-	-	-
45,992,694	(1,676,689)	44,316,005	873,417	2,652,786
7,126,138	(405,353)	6,720,785	335,677	47,077
115,333,127	67,546,312	182,879,439	1,214,444	1,887,297
$ 122,459,265	$ 67,140,959	$ 189,600,224	$ 1,550,121	$ 1,934,374

CITY OF DESOTO, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Street Improvement
ASSETS			
Cash and investments	$ 25,304,548	$ 4,581,544	$ 10,164,570
Receivables, net:			
Taxes	2,240,936	196,404	-
Accounts and other	2,650,050	-	-
Due from other governments	87,317	-	-
Due from other funds	2,221,737	-	-
Inventories	55,378	-	-
Prepaid items	-	-	-
Note receivable	-	630,000	-
Total assets	32,559,966	5,407,948	10,164,570
LIABILITIES			
Accounts payable	1,063,724	-	371,124
Accrued liabilities	1,208,934	-	-
Due to other funds	37,685	-	-
Customer deposits	50,000	-	-
Unearned revenues	87,185	-	-
Total liabilities	2,447,528	-	371,124
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,712,478	816,867	-
Total deferred inflows of resources	1,712,478	816,867	-
FUND BALANCES			
Nonspendable for:			
Inventory	55,378	-	-
Restricted for:			
Debt service	-	4,591,081	-
Street improvements	-	-	7,805,773
Public safety	-	-	-
Economic development	-	-	-
Capital projects	-	-	-
Committed for:			
Public health	-	-	-
Development activities	-	-	-
Assigned for:			
Street improvements	-	-	1,987,673
Capital projects	-	-	-
Future healthcare costs	440,000	-	-
Unassigned	27,904,582	-	-
Total fund balances	28,399,960	4,591,081	9,793,446
Total liabilities, deferred inflows of resources, and fund balances	$ 32,559,966	$ 5,407,948	$ 10,164,570

The accompanying notes are an integral part of these financial statements.

Public Facilities Capital Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
$ 6,298,485	$ 10,583,737	$ 56,932,884
-	130,282	2,567,622
-	113	2,650,163
-	21,737	109,054
-	24,993	2,246,730
-	-	55,378
-	3,003	3,003
-	-	630,000
6,298,485	10,763,865	65,194,834
-	1,075,962	2,510,810
140,243	32,850	1,382,027
2,000,000	221,737	2,259,422
-	-	50,000
-	6,125	93,310
2,140,243	1,336,674	6,295,569
-	56,279	2,585,624
-	56,279	2,585,624
-		
-	-	55,378
-	-	4,591,081
-	-	7,805,773
-	771,743	771,743
-	2,022,673	2,022,673
1,375,651	3,137,607	4,513,258
-	20,617	20,617
-	169,762	169,762
-	-	1,987,673
2,782,591	3,248,510	6,031,101
-	-	440,000
-	-	27,904,582
4,158,242	9,370,912	56,313,641
$ 6,298,485	$ 10,763,865	$ 65,194,834

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GEVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds	$	56,313,641
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		134,831,275
Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
Bonds and certificates of obligation payable	(	66,994,773)
Compensated absences	(	329,701)
Accrued interest payable	(	329,650)
Unamortized premium on bonds	(	135,218)
Unavailable revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements.		2,585,624
Deferred loss on refunding		483,127
Certain other long-term assets and liabilities are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Investment in joint venture		894,544
Net pension liability	(	10,340,591)
Net OPEB liability	(	901,348)
Deferred outflows of resources related to the net pension liability		7,492,160
Deferred inflows of resources related to the net pension liability	(	1,092,211)
Deferred outflows of resources related to the net OPEB liability		56,891
Deferred inflows of resources related to the net OPEB liability	(	74,505)
Net Position of Governmental Activities	$	122,459,265

The accompanying notes are an integral part
of these financial statements.

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CITY OF DESOTO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General Fund	Debt Service Fund	Street Improvement
REVENUES			
Property taxes	$ 22,530,047	$ 7,316,485	$ -
Sales taxes	8,474,803	-	-
Franchise fees and other	3,063,055	-	-
Hotel occupancy tax	-	-	-
Fines and forfeitures	1,242,345	-	-
Licenses and permits	1,090,269	-	-
Intergovernmental	480,835	353,030	372,375
Charges for services	2,422,081	-	-
Investment earnings	518,164	43,835	119,847
Recreation services	675,259	-	-
Miscellaneous	345,314	-	-
Total revenues	40,842,172	7,713,350	492,222
EXPENDITURES			
Current:			
General government	3,021,830	-	-
Public safety:			
Police	9,485,135	-	-
Fire	8,126,360	-	-
Development services	4,768,678	-	-
Financial services	1,219,243	-	-
Municipal court	642,699	-	-
Information technology	1,517,262	-	-
Human resources	667,485	-	-
Parks and recreation	3,496,168	-	-
Library services	1,189,210	-	-
Debt service:			
Principal	56,952	5,408,895	-
Interest and other	2,477	2,056,292	62,352
Capital outlay	1,569,998	-	2,221,041
Total expenditures	35,763,497	7,465,187	2,283,393
Excess (deficiency) of revenues over expenditures	5,078,675	248,163	(1,791,171)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	74,483	-	-
Long-term debt issuance	-	-	3,307,578
Proceeds from bond premium	-	-	264,964
Transfers in	2,180,808	337,613	969,104
Transfers out	(3,791,878)	(26,300)	-
Total other financing sources (uses)	(1,536,587)	311,313	4,541,646
NET CHANGE IN FUND BALANCES	3,542,088	559,476	2,750,475
FUND BALANCES - BEGINNING	24,857,872	4,031,605	7,042,971
FUND BALANCES - ENDING	$ 28,399,960	$ 4,591,081	$ 9,793,446

The accompanying notes are an integral part of these financial statements.

Public Facilities Capital Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 29,846,532
-	-	8,474,803
-	-	3,063,055
-	985,335	985,335
-	57,045	1,299,390
-	-	1,090,269
200,000	1,601,352	3,007,592
-	56,006	2,478,087
60,931	207,330	950,107
-	-	675,259
-	114,742	460,056
260,931	3,021,810	52,330,485
85,290	454,211	3,561,331
	1,360,948	10,846,083
-	-	8,126,360
-	-	4,768,678
-	-	1,219,243
-	74,025	716,724
-	-	1,517,262
-	-	667,485
-	205,431	3,701,599
-	79,985	1,269,195
-	-	5,465,847
89,712	20,195	2,231,028
2,358,324	3,514,632	9,663,995
2,533,326	5,709,427	53,754,830
(2,272,395)	(2,687,617)	(1,424,345)
-	-	74,483
4,140,000	947,422	8,395,000
277,491	75,683	618,138
1,818,000	1,033,625	6,339,150
-	(397,164)	(4,215,342)
6,235,491	1,659,566	11,211,429
3,963,096	(1,028,051)	9,787,084
195,146	10,398,963	46,526,557
$ 4,158,242	$ 9,370,912	$ 56,313,641

CITY OF DESOTO, TEXAS

RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net Changes in Fund Balances - Governmental Funds	$	9,787,084
Amounts reported for governmental activities in the statement of activities are		
Governmental funds report capital outlays as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital outlay		9,661,567
Depreciation expense	(	7,239,393)
Loss on disposal of assets		5,999
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		
Unavailable tax and emergency management revenues	(	275,475)
Change in equity interest of joint venture	(	97,199)
Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		
Issuance of debt	(	8,395,000)
Debt service principal		5,465,847
Pension and OPEB contributions are treated as expenditures in the fund based financial statements, but are treated as reductions in the City's net pension and OPEB liability in the statement of net position. This amount is the difference between pension and OPEB contributions and net pension and OPEB expense (revenue) for the current fiscal year.	(	1,265,158)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
(Increase) decrease in accrued interest	(	68,566)
(Increase) decrease in compensated absences	(	329,701)
Amortization of deferred loss on refunding		11,351
Amortization of premium on bonds	(	135,218)
Change in Net Position of Governmental Activities	$	7,126,138

The accompanying notes are an integral part
of these financial statements.

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CITY OF DESOTO, TEXAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

SEPTEMBER 30, 2019

	Business-Type Activities - Enterprise Funds	
	Public Utility	Drainage
ASSETS		
Current assets:		
Cash and investments	$ 22,433,024	$ 3,919,802
Accounts receivable, net	3,381,364	155,883
Due from other governments	-	14,125
Due from other funds	9,010	2,767
Inventories	9,597	-
Total current assets	25,832,995	4,092,577
Noncurrent assets:		
Capital assets:		
Land	583,160	341,196
Construction in progress	4,589,130	171,102
Improvements	9,524,634	5,002,363
Water and sewer systems	89,861,436	-
Drainage systems	-	13,572,686
Equipment and furniture	1,875,646	105,896
Less: accumulated depreciation	(57,749,983)	(9,441,069)
Total noncurrent assets	48,684,023	9,752,174
Total assets	74,517,018	13,844,751
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension related	567,165	73,050
Deferred outflows - OPEB related	4,223	-
Deferred loss on refunding	26,923	42,696
Total deferred outflows of resources	598,311	115,746
LIABILITIES		
Current liabilities:		
Accounts payable	1,900,984	70,413
Accrued liabilities	70,881	8,027
Accrued interest	54,021	11,301
Customer deposits	1,690,978	-
Compensated absences	64,128	14,336
Bonds payable	895,000	330,000
Total OPEB liability	621	-
Total current liabilities	4,676,613	434,077
Noncurrent liabilities:		
Compensated absences	256,515	57,342
Bonds payable	15,968,132	1,787,984
Net pension liability	782,795	100,834
Total OPEB liability	66,285	-
Total noncurrent liabilities	17,073,727	1,946,160
Total liabilities	21,750,340	2,380,237
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension related	82,682	10,649
Deferred inflows -OPEB	5,530	-
Total deferred inflows of resources	88,212	10,649
NET POSITION		
Net investment in capital assets	40,229,862	7,870,686
Unrestricted	13,046,915	3,698,925
Total net position	$ 53,276,777	$ 11,569,611

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds	
Sanitation	Total
$ 1,437,351	$ 27,790,177
557,175	4,094,422
-	14,125
915	12,692
-	9,597
1,995,441	31,921,013
320,087	1,244,443
-	4,760,232
548,503	15,075,500
-	89,861,436
-	13,572,686
377,312	2,358,854
(456,413)	(67,647,465)
789,489	59,225,686
2,784,930	91,146,699
75,513	715,728
-	4,223
-	69,619
75,513	789,570
387,773	2,359,170
9,024	87,932
-	65,322
-	1,690,978
10,769	89,233
-	1,225,000
-	621
407,566	5,518,256
43,076	356,933
-	17,756,116
104,222	987,851
-	66,285
147,298	19,167,185
554,864	24,685,441
11,008	104,339
-	5,530
11,008	109,869
789,489	48,890,037
1,505,082	18,250,922
$ 2,294,571	$ 67,140,959

CITY OF DESOTO, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities - Enterprise Funds	
	Public Utility	Drainage
REVENUES		
Charges for services	$ 22,200,482	$ 1,563,225
Total revenues	22,200,482	1,563,225
OPERATING EXPENSES		
Personnel costs	2,452,447	309,307
Water supply	5,006,423	-
Wastewater treatment	7,108,498	-
Refuse collection	-	-
Administrative charges	1,356,063	109,703
Contractual services	267,158	44,754
Repairs and maintenance	2,256,543	-
Materials and supplies	435,685	67,658
Other	260,156	34,272
Depreciation	2,537,097	655,514
Total operating expenses	21,680,070	1,221,208
Operating income (loss)	520,412	342,017
NON-OPERATING REVENUES (EXPENSES)		
Investment income	368,798	45,127
Miscellaneous revenue	1,391,429	-
Interest expense	(521,224)	(48,437)
Total non-operating revenues (expenses)	1,239,003	(3,310)
Income (loss) before and transfers	1,759,415	338,707
Transfers out	(2,123,808)	-
CHANGE IN NET POSITION	(364,393)	338,707
NET POSITION - BEGINNING	53,641,170	11,230,904
NET POSITION - END OF YEAR	$ 53,276,777	$ 11,569,611

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds	
Sanitation	Total
$ 4,397,161	$ 28,160,868
4,397,161	28,160,868
325,040	3,086,794
-	5,006,423
-	7,108,498
3,628,511	3,628,511
534,235	2,000,001
184,064	495,976
37,027	2,293,570
23,670	527,013
1,046	295,474
76,429	3,269,040
4,810,022	27,711,300
(412,861)	449,568
33,194	447,119
-	1,391,429
-	(569,661)
33,194	1,268,887
(379,667)	1,718,455
-	(2,123,808)
(379,667)	(405,353)
2,674,238	67,546,312
$ 2,294,571	$ 67,140,959

CITY OF DESOTO, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Business-Type Activities - Enterprise Funds	
	Public Utility	Drainage
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 21,728,125	$ 1,555,209
Payments to suppliers	(15,999,731)	(189,701)
Payments to employees	(2,081,541)	(269,584)
Net cash provided (used) by operating activities	3,646,853	1,095,924
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash paid to other funds	(9,010)	(2,767)
Transfers out to other funds	(2,123,808)	-
Net cash provided (used) by noncapital financing activities	(2,132,818)	(2,767)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,658,593)	(96,288)
Miscellanous revenue	1,391,429	-
Proceeds from issuance of long-term debt	5,270,572	-
Principal paid on long-term debt	(730,000)	-
Interest paid on long-term debt	(540,062)	(348,911)
Net cash provided (used) by capital and related financing activities	2,733,346	(445,199)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	368,798	45,127
Net cash provided (used) by investing activities	368,798	45,127
Net (decrease) increase in cash and cash equivalents	4,616,179	693,085
Cash and cash equivalents, beginning	17,816,845	3,226,717
Cash and cash equivalents, ending	$ 22,433,024	$ 3,919,802
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ 520,412	$ 342,017
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,537,097	655,514
Decrease (increase) in customer receivable	(532,914)	(8,016)
Decrease (increase) in inventory	(2,213)	-
Increase (decrease) in accounts payable	693,008	66,686
Increase (decrease) in accrued liabilities	2,067	1,878
Increase (decrease) in customer deposits	60,557	-
Increase (decrease) in compensated absences	54,214	(2,288)
Increase (decrease) in net pension/total OPEB liabilities	683,401	86,934
Increase (decrease) in pension related deferred inflows	19,212	749
Increase (decrease) in pension and OPEB related deferred outflows	(387,988)	(47,550)
Net cash provided (used) by operating activities	$ 3,646,853	$ 1,095,924

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds	
Sanitation	Total
$ 4,399,390	$ 27,682,724
(4,588,510)	(20,777,942)
(276,867)	(2,627,992)
(465,987)	4,276,790
(915)	(12,692)
-	(2,123,808)
(915)	(2,136,500)
-	(2,754,881)
-	1,391,429
-	5,270,572
-	(730,000)
-	(888,973)
-	2,288,147
33,194	447,119
33,194	447,119
(433,708)	4,875,556
1,871,059	22,914,621
$ 1,437,351	$ 27,790,177
$(412,861)	$ 449,568
76,429	3,269,040
2,229	(538,701)
-	(2,213)
(179,957)	579,737
1,790	5,735
-	60,557
4,966	56,892
90,322	860,657
1,108	21,069
(50,013)	(485,551)
$(465,987)	$ 4,276,790

CITY OF DESOTO, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2019

	Agency Fund
ASSETS	
Cash and investments	$ 1,290,852
Total assets	$ 1,290,852
LIABILITIES	
Due to Southwest Regional Communications Center	$ 1,290,852
Total liabilities	$ 1,290,852

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1. Summary of Significant Accounting Policies

The City of DeSoto (the "City") was incorporated in 1949. The City operates as a home-rule City under a council-manager form of government with a mayor and six City Council members elected at large. The City provides the following services as authorized by its charter: public safety (police and fire), streets, water, sewer and drainage utilities, solid waste operations, public library, parks and recreation, public improvements, planning, zoning and code enforcement, and general administrative services.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America for local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting and reporting policies:

A. Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

Based on these criteria, the financial information of the following entities is blended or discretely presented within the financial statements.

Blended Component Units

Health Facilities Development Corporation - The City created the Corporation to assist the maintenance of public health within the City. The Corporation's governing body is the same as the governing body of the City. The Corporation is authorized to sell bonds. Operational responsibility of the Health Facilities Development Corporation lies with City management. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Housing Finance Corporation - The City created the Corporation to carry out the purposes of the Texas Housing Finance Corporations Act within the City. The Corporation's governing body is the same as the governing body of the City. There are seven directors. The Corporation is authorized to sell bonds. Operational responsibility of the Housing Finance Corporation lies with City management. Upon dissolution of the Corporation, title to or other interests in any real or personal property owned by the Corporation shall vest in the City.

Industrial Development Authority, Inc. - The City created the Corporation for the purposes of promoting and developing commercial, industrial, manufacturing and medical research enterprises to promote and encourage employment, public health and public welfare within the City. The Corporation's governing body is the same as the governing body of the City and operational responsibility lies with City management. The Corporation is authorized to sell bonds. Upon dissolution of the Corporation, the assets of the Corporation shall be distributed to the City.

Discretely Presented Component Units

DeSoto Economic Development Corporation - The Corporation was created for the purpose of promoting economic development within the City. There are five directors, all appointed by the City Council. All directors are residents of the City. Each director serves a three-year staggered term.

The Corporation is authorized to borrow funds and issue bonds with City Council approval.

DeSoto Parks Development Corporation - The Corporation was created for the purpose of promoting parks within the City. There are seven directors, all appointed by the City Council. All directors are residents of the City. Each director serves a two-year staggered term. The Corporation is authorized to issue bonds for public parks and park facilities projects with City Council approval.

Separate financial statements are not issued for the DPDC, the Health Facilities Development Corporation, the Housing Finance Corporation and the Industrial Development Authority.

Complete financial statements are issued by the DEDC and can be obtained from:

DeSoto Economic Development Corporation
211 E. Pleasant Run Road
DeSoto, Texas 75115

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and it's discretely presented component units.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Governmental activities, which are normally supported by property, sales and franchise taxes, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Significant revenues generated from business-type activities include: charges to customers for water and wastewater services, municipal drainage services and charges for solid waste services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

This statement demonstrates the degree to which the direct expenses of a given function of government are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function of City government. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues in the statement of activities.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In addition to the government-wide financial statements, the City also reports separate financial statements for governmental funds, proprietary funds, and fiduciary funds; these statements are classified as fund financial statements. The fund financial statements are organized on the basis funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund - This fund accounts for the accumulation of resources (primarily property tax levies) for the payment of principal, interest and related costs of general long-term debt.

Street Improvement Fund - This fund accounts for the financial and construction costs of various street improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

Public Facilities Capital Improvement Fund - This fund accounts account for the construction and improvement of various City facilities. Financing is provided by general obligation bonds, certificates of obligation and various contributions.

The City reports the following major proprietary funds:

Public Utility Fund - This fund accounts for water and wastewater system services provided for residents and businesses of the City, including administration, operations, maintenance, debt service, billing and collection.

Drainage Fund - This fund accounts for the operation of the Drainage Utility and provides funding for drainage capital improvements, and enhanced maintenance of the drainage system.

Sanitation Fund - This fund accounts for revenues and expenses of solid waste operations. Revenues are generated through user charges. This fund also funds additional services for litter control and median beautification, street sweeping and household hazardous waste collection.

Additionally, the government reports the following fund type:

Agency Fund - This fund reports cash and investments held by the City on behalf of the Southwest Regional Communications Center.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. With the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) are reported on the Statement of Net Position.

The *agency funds* are used to account for resources held for others in a custodial capacity.

As a general rule, except for interfund services provided and used which are not eliminated in the process of consolidation, the effect of other interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers for goods or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary operating are charges to customers for sales and services. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses. Unbilled receivables for water and sewer services are recorded at year-end.

Trust funds employ the same economic resources measurement focus and accrual basis of accounting as described for proprietary funds. Since agency funds report only assets and liabilities, they have no measurement focus.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. Measurable means the amount of the transaction can be determined. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the fiscal year-end. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, and liabilities for accrued compensated absences and arbitrage rebate, which are recognized when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary operations are charges to customers for sales and services. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses. Unbilled receivables for water and sewer services are recorded at year-end.

There is one fiduciary fund which is an Agency Fund. Agency Funds represent funds held in an agency capacity of the Southwest Regional Communication Center. These funds are monies held by the City related to the operation of the regional dispatch center, a joint venture of the City. These funds do not belong to the City. Agency funds do not have a measurement focus.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Investments

Investments consist of balances in privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act Chapter 79 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act (the "Act") Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

Property Taxes

Ad valorem taxes are levied from valuations assessed as of January 1 and are recognized as revenue beginning on the date of levy, October 1, when they become available. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within 60 days of the fiscal year are recorded as deferred revenue and is recognized when it becomes available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenue and recognized as revenue of the period to which they apply. Current taxes are due on October 1 and become delinquent if unpaid on February 1 and are turned over to the City Attorney for collection on July 1. Delinquent property taxes attach as an enforceable lien on property as of January 1. For the year ended September 30, 2019, the City had a tax rate of $.7399 per $100, of which $.5400 was allocated for general government, and $.1999 was allocated for payment of principal and interest on governmental activities long-term debt.

Receivables

Taxes and accounts receivable are shown net of an allowance for uncollectible. Accounts receivable in excess of 90 days comprise the allowance for uncollectible. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2019.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventories are valued at cost, using the first-in, and first-out method. The City utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses when used rather than when purchased.

Capital Assets

Capital assets, which include land, buildings, infrastructure, improvements, equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Assets	Use Lives Year)
Infrastructure, water and sewer system, and water line replacements	10 - 50
Buildings	32
Equipment and furniture	30-10
Capital lease equipment	short of 5 years or lease term

Compensated Absences

The City permits employees to accumulate to certain limits unused vacation, sick leave and compensatory time. For civilian and police employees, unused vacation leave may be accumulated to a maximum of 320 hours and unused sick leave may be accumulated to a maximum of 720 hours. For firefighters, unused vacation leave may be accumulated to a maximum of 480 hours and unused sick leave may be accumulated to a maximum of 1,080 hours. Liabilities for compensated absences are normally expected to be liquidated with expendable available financial resources and are recognized as governmental fund liabilities to the extent that they mature each period. Accrued compensated absences are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements when earned. Compensated absences are reported in governmental funds only if they have matured.

Long-term Debt

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds if material in amount. In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt is recorded as other financing sources. Bond premiums and discounts are recorded as other financing sources and uses.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used, are recorded as transfers.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period and thus, will not be recognized as an outflow of resources (expense) until that time. The City has three items that qualify for reporting in this category.

- Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows of resources for pension activities - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

- Deferred outflows of resources for OPEB - these deferred outflows result from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of changes in assumptions and other inputs. The deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The other OPEB related outflow will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with OPEB benefits, which is currently between 5.75 and 8.5 years, depending on the plan. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

- In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future reporting period and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualifies for reporting in this category.

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes and EMS services arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General	Debt Service	Total
Property taxes	$ 491,090	$ 186,867	$ 677,957
Court fines and fees receivable	711,859	-	711,859
Ambulance	480,739	-	480,739
Alarm permits	28,790	-	28,790
Note receivable	-	630,000	630,000
Total	$ 1,712,478	$ 816,867	$ 2,529,345

- Deferred inflows of resources for pension activities - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. These outflows are included in the deferred amounts for post-employment benefits on the statement of net position.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefits Payments and refunds are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Other Post-Employment Benefits

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council delegates the authority for determining this intent to the City Manager. Assignments are made at the City Manager's discretion, but generally represent items for which specific funds have been informally dedicated internally. This classification also includes the remaining positive fund balance for all governmental funds except the General Fund.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. Cash and Investments

As of September 30, 2019, the City's investments included privately managed public funds investment pools, investments in United States (U.S.) securities and U.S. Agency securities, municipal bonds, and certificates of deposit. The investment pools are recorded at amortized costs and the remaining investments are recorded at their fair value measured with level 2 inputs.

The City participates in the Texas Local Government Investment Pool ("TexPool"), a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

Texas CLASS, the Texas Cooperative Liquid Asset Securities System (Trust Company) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. It is administered and managed by Public Trust Advisors, LLC and Wells Fargo Bank N.A. is the custodial bank. The primary objectives of Texas CLASS Investment Pool is to maintain safety of principal while providing participating government entities with the highest possible rate of return for invested funds. The City's amortized cost in the Texas CLASS Investment Pool is the same as the value of the pool shares.

Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Credit Risk

In compliance with the City's investment policy as of September 30, 2019, the City minimized credit risk losses due to default of a security issuer or backer by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers/dealers, and advisors with which the City does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized. The following is a listing of investments held at September 30, 2019:

	Fair Value	Credit Quality Rating	Percentage of Investments	Weighted Average Maturity (Days)
Investment Type:				
Local Government Investment Pools:				
TexPool	$ 114,109	AAAm	0.14%	34
Texas CLASS	22,882,287	AAAm	27.10%	3
Total Local Government Investment Pools	22,996,396		27.24%	
Investment Securities:				
Certificates of Deposit	24,591,858	N/A	29.13%	53
Money Market & Insured Cash Sweep	36,834,069	N/A	43.63%	1
Total Investment Securities	61,425,927		72.76%	
	$ 84,422,323		100.00%	

Interest Rate Risk

In order to minimize risk of loss due to interest rate fluctuations, the City's investment policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

Operating Funds - The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity of each security and the maximum allowable maturity shall be there for years.

Debt Service Fund - The maximum maturity for securities purchased shall not exceed the corresponding debt service payment date.

Special Purpose Funds - The maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

Custodial Credit Risk

The City maintains a cash and investment pool that combines cash of the various funds in order to maximize investment opportunities. The City's policy and state statutes require that all deposits in financial institutions be insured by the Federal Depository Insurance Corporation (FDIC) or fully collateralized as per the Public Funds Collateral Act. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2019.

As of September 30, 2019, all of DEDC's and DPDC's deposits were fully insured by FDIC insurance or collateralized.

3. Receivables

Accounts receivables at September 30, 2019, for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Nonmajor Governmental	Total
Receivables:				
Property taxes	$ 703,695	$ 264,900	$ -	$ 968,595
Sales tax	1,719,186	-	-	1,719,186
Hotel occupancy taxes	-	-	130,282	130,282
Court fines	7,118,585	-	-	7,118,585
Ambulance	6,852,501	-	-	6,852,501
Franchise fees	852,839	-	-	852,839
Alarm permits	173,908	-	-	173,908
Other	344,249	-	113	344,362
Gross receivables	17,764,963	264,900	130,395	18,160,258
Less: allowance for uncollectible accounts	(12,870,939)	(68,496)	-	(12,939,435)
Net receivables	$ 4,894,024	$ 196,404	$ 130,395	$ 5,220,823

	Proprietary Funds			
	Public Utility	Drainage	Sanitation	Total
Customer accounts	$ 3,435,442	$ 159,329	$ 485,169	$ 4,079,940
Other	340	-	113	453
Gross receivables	3,435,782	159,329	485,282	4,080,393
Less: allowance for uncollectible accounts	(54,418)	(3,446)	(4,954)	(62,818)
Net receivables	$ 3,381,364	$ 155,883	$ 480,328	$ 4,017,575

Notes receivable at September 30, 2019, for the City's governmental activities are as follows:

	2019
DeSoto Economic Development Corporation	$ 300,000
DeSoto Park Development Corporation	330,000
Total notes receivable	$ 630,000

See note 5 for discretely presented component units' terms of long-term debt.

4. Capital Assets

Capital assets activity for the primary government for the fiscal year ended September 30, 2019, is as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 7,341,275	$ 1,734,974	$ -	$ 9,076,249
Street/Alley ROW	14,072,949	-	-	14,072,949
Construction in progress	8,123,248	6,585,441	(3,730,575)	10,978,114
Total capital assets not being depreciated	29,537,472	8,320,415	(3,730,575)	34,127,312
Capital assets being depreciated:				
Buildings	40,443,663	367,938	602,908	41,414,509
Infrastructure	173,906,195	205,418	3,147,544	177,259,157
Equipment and furniture	15,838,098	767,796	(46,968)	16,558,926
Total assets being depreciated	230,187,956	1,341,152	3,703,484	235,232,592
Less accumulated depreciation for:				
Buildings	16,276,181	1,071,116	-	17,347,297
Infrastructure	98,617,141	5,234,305	-	103,851,446
Equipment and furniture	12,429,004	933,972	(33,090)	13,329,886
Total accumulated depreciation	127,322,326	7,239,393	(33,090)	134,528,629
Total capital assets being depreciated, net	102,865,630	(5,898,241)	3,736,574	100,703,963
Governmental activities capital assets, net	$ 132,403,102	$ 2,422,174	$ 5,999	$ 134,831,275

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,244,443	$ -	$ -	$ 1,244,443
Construction in progress	3,813,190	2,899,747	(1,952,705)	4,760,232
Total capital assets, not being depreciated	5,057,633	2,899,747	(1,952,705)	6,004,675
Capital assets being depreciated:				
Water and sewer system	88,186,635	-	1,674,801	89,861,436
Drainage system	13,338,414	-	234,272	13,572,686
Improvements	15,075,500	-	-	15,075,500
Equipment and furniture	2,508,525	-	(149,671)	2,358,854
Total assets being depreciated	119,109,074	-	1,759,402	120,868,476
Less accumulated depreciation for:				
Water and sewer system	48,187,238	2,175,515	-	50,362,753
Drainage system	5,537,041	541,821	-	6,078,862
Improvements	9,113,663	338,379	-	9,452,042
Equipment and furniture	1,540,484	213,324	-	1,753,808
Total accumulated depreciation	64,378,426	3,269,039	-	67,647,465
Total capital assets being depreciated, net	54,730,648	(3,269,039)	1,759,402	53,221,011
Business-type activities capital assets, net	$ 59,788,281	$(369,292)	$(193,303)	$ 59,225,686

Capital assets activity for the discretely presented component units is as follows:

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
DeSoto Park Development Corporation:				
Capital assets not being depreciated:				
Land	$ 11,250	$ -	$ -	$ 11,250
Total capital assets not being depreciated	11,250	-	-	11,250
Capital assets being depreciated:				
Improvements	5,324,530	-	-	5,324,530
Total assets being depreciated	5,324,530	-	-	5,324,530
Less accumulated depreciation for:				
Improvements	3,476,008	117,251	-	3,593,259
Total accumulated depreciation	3,476,008	117,251	-	3,593,259
Total capital assets being depreciated, net	1,848,522	(117,251)	-	1,731,271
DeSoto Park Development Corporation capital assets, net	$ 1,859,772	$(117,251)	$ -	$ 1,742,521

	Beginning Balance	Additions	Transfers/ Deletions	Ending Balance
DeSoto Economic Development Corporation:				
Capital assets being depreciated:				
Furniture and equipment	$ 69,879	$ -	$ -	$ 69,879
Total assets being depreciated	69,879	-	-	69,879
Less accumulated depreciation for:				
Furniture and equipment	69,879	-	-	69,879
Total accumulated depreciation	69,879	-	-	69,879
Total capital assets being depreciated, net	-	-	-	-
DeSoto Economic Development Corporation capital assets, net	$ -	$ -	$ -	$ -

Depreciation

Depreciation expense was charged to functions/programs of the City as follows:

	Depreciation Expense
Primary government	
Governmental activities:	
General government	$ 398,434
Public safety	952,486
Development services	4,810,021
Parks and recreation	913,155
Library services	26,899
Financial services	21,095
Information technology	117,302
Total Governmental activities	7,239,392
Business-type activities:	
Water and sewer	2,537,097
Drainage	655,514
Sanitation	76,429
Total Business-type activities	3,269,040
Total primary government	$ 10,508,432

Construction commitments

The City has active construction projects as of September 30, 2019. At year end, the City's commitments with contractors were as follows:

Projects	Remaining Commitment
Street improvements	$ 2,691,359
Drainage	20,470
Water and sewer	765,126
Total Commitments	$ 3,476,955

5. Long-term Liabilities

Changes in the City's long-term liability activity for the year ended September 30, 2019, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds	$ 45,466,456	$ 4,140,000	$(4,906,456)	$ 44,700,000	$ 4,850,000
Certificates of obligation	7,735,000	4,255,000	(335,000)	11,655,000	345,000
Bond premium	5,361,245	618,138	(482,920)	5,496,463	-
Capital leases	1,321,865	-	(224,391)	1,097,474	171,709
Compensated absences	4,181,054	1,870,428	(1,540,727)	4,510,755	902,151
Total governmental activity Long-term liabilities	$ 64,065,620	$ 10,883,566	$(7,489,494)	$ 67,459,692	$ 6,268,860
Business-type activities:					
General obligation bonds	$ 4,508,544	$ -	$(483,544)	$ 4,025,000	$ 505,000
Certificates of obligation	9,580,000	4,890,000	(560,000)	13,910,000	720,000
Bond premium	719,749	389,885	(63,518)	1,046,116	-
Compensated Absences	389,274	217,873	(160,981)	446,166	89,233
Total business-type activity Long-term liabilities	$ 15,197,567	$ 5,497,758	$(1,268,043)	$ 19,427,282	$ 1,314,233

Changes in the discretely presented component units' long-term liabilities for the year ended September 30, 2019, are as follows:

DeSoto Park Development Corporation	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Revenue refunding bonds	$ 800,000	$ -	$(185,000)	$ 615,000	$ 195,000
Note payable	555,000	-	(225,000)	330,000	105,000
Total	$ 1,355,000	$ -	$(410,000)	$ 945,000	$ 300,000
DeSoto Economic Development Corporation					
Revenue refunding bonds	$ 1,425,000	$ -	$(215,000)	$ 1,210,000	$ 225,000
Premium on bond issuance	22,308	-	(3,717)	18,591	-
Compensated Absences	16,387	42,383	(31,270)	27,500	5,500
Note payable	320,000	-	(20,000)	300,000	20,000
Total	$ 1,783,695	$ 42,383	$(269,987)	$ 1,556,091	$ 250,500

For governmental activities, compensated absences are generally liquidated by the General Fund.

Governmental Activities

General obligation bonds and certificates of obligation for Governmental Activities outstanding at September 30, 2019, consist of the following individual issues:

General Obligation Bonds:	Interest Rate	Final Maturity Date	Outstanding 09/30/19
2009 General Obligation & Refunding	3.0 - 4.5%	2/15/29	$ 625,000
2011 Refunding	2.0 - 4.0%	2/15/31	935,000
2012 Refunding	3.0 - 5.0%	2/15/25	11,390,000
2013 Refunding	2.0 - 4.0%	2/15/25	3,670,000
2015 General Obligation	2.5 - 4.0%	2/15/30	2,970,000
2016 Refunding	2.0 - 3.0%	2/15/36	5,340,000
2016 Refunding (Taxable)	2.25 - 4.0%	2/15/36	1,630,000
2017 Refunding	2.0 - 4.0%	2/15/37	14,000,000
2019 General Obligation	3.0 - 4.0%	2/15/39	4,140,000
Total general obligation bonds			44,700,000
Certificates of Obligation:			
2011A Tax and Revenue	4.75 - 5.75%	2/15/31	680,000
2011B Tax and Revenue	2.00%	2/15/31	710,000
2015 Tax and Revenue	2.5 - 3.5%	2/15/30	1,885,000
2016 Tax and Revenue	2.5 - 4.0%	2/15/36	870,000
2017 Tax and Revenue	2.0 - 4.0%	2/15/37	3,255,000
2019 Tax and Revenue	3.0 - 4.0%	2/15/39	4,255,000
Total certificates of obligation			11,655,000
Total bonds and certificates payable			$ 56,355,000

Business-Type Activities

General obligation bonds and certificates of obligation for Business-Type Activities outstanding at September 30, 2019, consist of the following individual issues:

General Obligation Bonds:	Interest Rate	Final Maturity Date	Outstanding 09/30/19
2012 Refunding Bonds	3.0 - 5.0%	2/15/25	$ 1,115,000
2013 Refunding Bonds	2.0 - 4.0%	2/15/25	305,000
2016 Refunding Bonds	2.0 - 3.0%	2/15/26	485,000
2017 Refunding Bonds	2.0 - 4.0%	2/15/37	2,120,000
Total general obligation bonds			4,025,000
Certificates of Obligation:			
2010 Tax and Revenue	2.0 - 4.3%	2/15/30	3,175,000
2011B Tax and Revenue	2.0 - 4.0%	2/15/31	2,040,000
2013 Tax and Revenue	2.0 - 3.5%	2/15/33	2,920,000
2017 Tax and Revenue	2.0 - 4.0%	2/15/37	885,000
2019 Tax and Revenue	3.0 - 4.0%	2/15/39	4,890,000
Total certificates of obligation			13,910,000
Total bonds and certificates			$ 17,935,000

Component Units

Revenue bonds and notes payable for Component Units outstanding at September 30, 2019, consist of the following individual issues:

DeSoto Park Development Corporation	Interest Rate	Final Maturity Date	Outstanding 09/30/19
Bonds:			
2011 Revenue Refunding Bonds	2.0 - 4.0%	2/15/22	$ 615,000
Notes Payable:			
City of DeSoto - 2012 GOs	3.0 - 5.0%	2/15/25	330,000
Total bonds and notes payable			$ 945,000

DeSoto Economic Development Corporation	Interest Rate	Final Maturity Date	Outstanding 09/30/19
Bonds:			
2011 Revenue Refunding Bonds	2.0 - 4.0%	2/15/24	$ 1,210,000
Notes Payable:			
City of DeSoto - 2011A Cos	4.75 - 5.75%	2/15/31	300,000
Total bonds and notes payable			$ 1,510,000

Amortization Schedules

The annual requirements to amortize long term debt as of September 30, 2019, are as follows:

General Obligation Bonds

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2020	$ 4,850,000	$ 1,722,509	$ 505,000	$ 158,725
2021	5,130,000	1,502,206	520,000	139,150
2022	5,345,000	1,286,744	545,000	117,300
2023	4,965,000	1,064,150	525,000	94,025
2024	4,850,000	845,575	465,000	72,075
2025-2029	13,805,000	1,929,681	1,465,000	138,975
2030-2034	3,270,000	645,819	-	-
2035-2039	2,485,000	164,263	-	-
Total	$ 44,700,000	$ 9,160,947	$ 4,025,000	$ 720,250

Certificates of Obligation

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2020	$ 345,000	$ 434,411	$ 720,000	$ 523,730
2021	350,000	398,219	770,000	471,144
2022	355,000	386,469	795,000	443,844
2023	465,000	372,531	835,000	414,431
2024	480,000	357,325	860,000	382,806
2025-2029	3,660,000	1,444,294	4,820,000	1,391,809
2030-2034	3,350,000	725,506	3,345,000	521,181
2035-2039	2,650,000	185,675	1,765,000	132,725
Total	$ 11,655,000	$ 4,304,430	$ 13,910,000	$ 4,281,670

Notes Payable

	DPDC		DEDC	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**
2020	$ 105,000	$ 13,875	$ 20,000	$ 15,825
2021	110,000	8,500	20,000	14,875
2022	115,000	2,875	20,000	13,875
2023	-	-	20,000	12,825
2024	-	-	20,000	11,775
2025-2029	-	-	135,000	38,706
2030-2034	-	-	65,000	3,881
Total	$ 330,000	$ 25,250	$ 300,000	$ 111,762

Revenue Refunding Bonds

	DPDC		DEDC	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**
2020	$ 195,000	$ 20,700	$ 225,000	$ 43,900
2021	205,000	12,700	230,000	34,800
2022	215,000	4,300	245,000	25,300
2023	-	-	250,000	15,400
2024	-	-	260,000	5,200
Total	$ 615,000	$ 37,700	$ 1,210,000	$ 124,600

In prior years and during the current year, the City defeased, certain debt by placing the proceeds of the new bonds in an irrevocable trust, to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At September 30, 2019, the City had no defeased debt outstanding.

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and tax notes. These debt obligations are secured by primarily future property tax revenues. In some cases, these bonds are also secured by a pledge of net revenues from the utility system.

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the City default on these bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These leases qualify as capital leases and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The cost of equipment purchased with capital leases is $1,668,162, and accumulated depreciation is $795,013, with a carrying value of $873,149 as of September 30, 2019.

The following is a schedule of the future minimum lease payments under these agreements and the present value of the net minimum lease payments at September 30, 2019:

Fiscal Year	Amount
2020	$ 199,713
2021	199,713
2022	199,713
2023	199,713
2024	199,713
2025-2029	199,713
Minimum lease payments	1,198,278
Less: amount representing interest	(100,804)
Total	$ 1,097,474

6. Interfund Balances and Transfers

Due to/from Other Funds

There composition of interfund balances outstanding as of September 30, 2019, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Public Facilities Capital Improvement	$ 2,000,000	Advances for capital projects
Non-major governmental	General	221,737	Advances for expenditure driven grants
General	Non-major governmental	24,993	Advances for payroll expenditures
General	Public utility	9,010	Advances for payroll expenditures
General	Drainage	2,767	Advances for payroll expenditures
General	Sanitation	915	Advances for payroll expenditures
		$ 2,259,422	

Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2019, is as follows:

Transfer From	Transfer To	Amount	Purpose
General fund	Debt service	$ 235,564	To fund debt service
	Street improvements	704,689	Street improvements projects
	Public facilities capital improvement	1,818,000	Public facilities capital improvement projects
	Nonmajor governmental	1,000,000	Subsidize fire station project
	Nonmajor governmental	30,000	Municipal courts
	Nonmajor governmental	3,625	Grant reimbursement
Debt service	General fund	26,300	Miscellaneous
Nonmajor governmental	General fund	30,700	Miscellaneous
	Debt service	102,049	To fund debt service
	Street improvements	264,415	Street improvements projects
Public utility	General fund	2,123,808	PILOT, franchise fees, energy management grant, and maintenance and equipment
		$ 6,339,150	

7. Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

On the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions.

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	20 years at any age, 5 years at age 60 and above
Updated service credit:	100% Repeating
Annuity increase to retirees:	30% of CPI repeating
Supplemental death benefit - employees and retirees	Yes

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	237
Inactive employees entitled to but not yet receiving benefits	258
Active employees	341
Total	836

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.23% and 10.93% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were $2,640,778, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.50%	4.55%
International equity	17.50%	6.35%
Core fixed income	10.00%	1.00%
Non-core fixed income	20.00%	3.90%
Real return	10.00%	3.80%
Real estate	10.00%	4.50%
Absolute return	10.00%	3.75%
Private equity	5.00%	7.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2017	$ 117,001,103	$ 115,612,232	$ 1,388,871
Changes for the year:			
Service cost	3,696,781	-	3,696,781
Interest	7,824,071	-	7,824,071
Difference between expected and actual experience	(987,632)	-	(987,632)
Contributions - employer	-	2,542,237	(2,542,237)
Contributions - employee	-	1,584,658	(1,584,658)
Net investment income	-	(3,462,817)	3,462,817
Benefit payments, including refunds of employee contributions	(5,874,655)	(5,874,655)	-
Administrative expense	-	(66,931)	66,931
Other changes	-	(3,498)	3,498
Net changes	4,658,565	(5,281,006)	9,939,571
Balance at 12/31/2018	$ 121,659,668	$ 110,331,226	$ 11,328,442

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability/(asset)	$ 28,355,600	$ 11,328,442	$(2,615,164)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized a pension expense of $4,226,958.

At September 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 1,196,550
Changes in actuarial assumptions	203,260	-
Difference between projected and actual investment earnings	5,981,144	-
Contributions subsequent to the measurement date	2,023,484	-
Total	$ 8,207,888	$ 1,196,550

$2,023,484 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2019	$ 1,827,184
2020	444,697
2021	520,741
2023	2,195,232

8. Other Post-Employment Benefits

TMRS Supplemental Death Benefits Plan

Plan Description.
The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided.

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	171
Inactive employees entitled to but not yet receiving benefits	48
Active employees	341
Total	560

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.17% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.71% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

Actuarial Assumptions

The City's Total OPEB Liability ("TOL") was measured at December 31, 2018 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Inflation rate	2.50%
Actuarial cost method	Entry Age Normal
Discount rate	3.71%
Projected salary increases	3.5% to 10.5% including inflation

Changes in Total OPEB Liability

Changes in Total OPEB Liability	
Total OPEB Liability - Begninning	$ 987,570
Changes for the year:	
Service cost	49,804
Interest on total OPEB liability	33,400
Differences between expected and actual experience	(23,044)
Changes in assumptions or other inputs	(72,685)
Benefit payments	(6,791)
Net Changes in Total OPEB Liability	(19,316)
Total OPEB Liability - Ending	$ 968,254

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 3.71%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
$ 1,165,661	$ 968,254	$ 815,916

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2019, the City recognized OPEB expense of $80,626 relating to the SDBF plan.

As of September 30, 2019, the City reported deferred outflows and inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual economic experience	$ -	$ 19,266
Difference in assumption changes	53,775	60,769
Employer contributions subsequent to the measurement date	7,339	-
Totals	$ 61,114	$ 80,035

The $7,339 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending September 30, 2020. Amounts currently reported as deferred outflows and inflows of resources related to OPEBs, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2020	$(2,577)
2021	(2,577)
2022	(2,577)
2023	(2,577)
2024	(14,382)
Thereafter	(1,570)

Health Insurance

In addition to providing pension benefits, retired employees are entitled to elect continuation coverage under the City's group accident and health insurance plan. The City revised its health care plan which requires that retirees pay the full cost of their health care as determined by the City's health care provider. The health care provider segregates the retired employees and calculates the healthcare costs for that group. Therefore, the City does not have an implicit cost for retired employees' health care coverage and no liability for postretirement benefits.

9. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with IRC 457. The plan, available to all permanent City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. Participants' rights under the plan are in an amount equal to the fair value of the deferred account for each participant. Investments that are held by an outside trustee in the deferred compensation plan are not reported in the City's financial statements as the City maintains no fiduciary responsibility for such assets.

10. Commitments and Contingencies

Trinity River Authority of Texas

In November 1983, the City and other area municipalities entered into a contract with the Trinity River Authority (the "Authority") for utilization of the Authority's sewer transmission and treatment facilities. Under the contract, the City is required to pay a portion of the annual cash requirement to operate the facility determined by dividing the actual number of gallons discharged into the system by the City by the total number of gallons discharged by all of the participating cities. Accordingly, the future obligations of the City in connection with the contract cannot be estimated since payment varies in direct relationship to gallons discharged. The City has no ownership interest in the Authority or in conjunction with other participating cities.

Total payments made by the City under the contract amounted to $7,108,498 for 2019. The payments are reflected in the accompanying statement of revenues, expenses and changes in net position of the Public Utility Fund. Under the terms of the contract, the City is obligated to make payments for the use of the facilities for the life of the facilities. Further, revenue of the Public Utility Fund are pledged to support payments due the Authority in accordance with the terms of the contract. Such payments are considered operating expenses and, therefore, have priority over principal and interest due on revenue bonds.

State and Federal Programs

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, would not be material.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the City purchased commercial insurance to cover these general liabilities from the Texas Municipal League Risk Pool ("TML"). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain the risk of losses. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

DEDC

As of September 30, 2019, the DEDC had approved several grants totaling approximately $10,346,350 payable in subsequent years, to certain businesses in the City. The payments of the grants are contingent on the businesses remaining in the City.

DEDC grant commitments are scheduled as follows:

Fiscal Year	Amount
2020	$ 295,610
2021	295,610
2022	295,610
2023	295,610
2024	295,610
2025-2029	1,478,050
2039-2034	1,478,050
2035-2039	1,478,050
2040-2044	1,478,050
2045-2049	1,478,050
2050-2054	1,478,050
Total	$ 10,346,350

Other Contingencies

There are other claims and pending actions incident to normal operations of the City. In the opinion of the City management and based on consultation with the City's attorney, the City's potential liability in these matters will not have a material impact on the financial statements.

11. Joint Ventures

Southwest Regional Communications Center

The Southwest Regional Communications Center (the Center) provides police, fire, medical aid and emergency service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. During fiscal year 2019, the City contributed $727,937 to the operations of the Center. The City has a one-third share in the equity of the Center, accounted for in the government wide Statement of Net Position. The value of the City's share in the equity of the facility as of September 30, 2019, is $369,713. The Center issues separate financial statements available from the City's Financial Department.

Regional Animal Control Shelter

The City also entered into an annually renewable Interlocal Cooperation agreement with the cities of Cedar Hill and Duncanville on September 3, 1991, to establish a Regional Animal Control Shelter facility ("facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2019, the City contributed $181,264 to the operations of the facility. The City has a one-third share in the equity of the facility, accounted for in the government wide Statement of Net Position. The value of the City's share in the equity of the facility as of September 30, 2019, is $524,831. The financial statements of the facility can be obtained by contacting: City of Cedar Hill Finance Department, P. O. Box 96, Cedar Hill, TX 75106-0096.

12. Economic Development Grants

The City is authorized by Article III, Section 52-a of the Texas Constitution and Texas Local Government Code Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City.

Purpose	Percentage of Taxes Abated during Fiscal Year	Amount of Taxes Abated during the Fiscal Year
E- fulfillment Distribution Center develops property and increases property tax base	95%	$ 2,639,736
E- fulfillment Distribution Center operations generates sales tax revenue	90%	758,985
Warehouse and Distribution Center leases property and generates business personal property tax revenue	100%	123,230

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REQUIRED
SUPPLEMENTARY INFORMATION

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CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 21,915,000	$ 21,915,000	$ 22,530,047	$ 615,047
Sales taxes	7,166,000	7,166,000	8,474,803	1,308,803
Franchise fees and other	3,086,000	3,086,000	3,063,055	(22,945)
Fines and forfeitures	1,291,000	1,291,000	1,242,345	(48,655)
Licenses and permits	1,316,000	1,371,000	1,090,269	(280,731)
Intergovernmental	295,550	542,346	480,835	(61,511)
Charges for services	2,126,700	2,146,700	2,422,081	275,381
Investment earnings	112,893	112,893	518,164	405,271
Recreation services	664,435	664,435	675,259	10,824
Miscellaneous	273,130	303,706	345,314	41,608
Total revenues	38,246,708	38,599,080	40,842,172	2,243,092
EXPENDITURES				
Current:				
General government	3,676,564	3,418,537	3,021,830	396,707
Public safety:				
Police	9,852,547	10,058,769	9,485,135	573,634
Fire	8,236,384	8,541,084	8,126,360	414,724
Development services	5,552,855	5,549,155	4,768,678	780,477
Financial services	1,315,974	1,315,974	1,219,243	96,731
Municipal court	652,339	667,339	642,699	24,640
Information technology	1,650,825	1,646,970	1,517,262	129,708
Human resources	674,720	694,680	667,485	27,195
Parks and recreation	3,563,424	3,646,217	3,496,168	150,049
Library services	1,322,503	1,350,364	1,189,210	161,154
Debt service:				
Principal	106,953	106,953	56,952	50,001
Interest and fiscal charges	5,478	5,478	2,477	3,001
Capital outlay	1,610,534	2,722,341	1,569,998	1,152,343
Total expenditures	38,221,100	39,723,861	35,763,497	3,960,364
Excess (deficiency) of revenues over expenditures	25,608	(1,124,781)	5,078,675	6,203,456
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	45,000	45,000	74,483	29,483
Transfers in	2,180,808	2,180,808	2,180,808	-
Transfers out	(3,791,878)	(3,829,270)	(3,791,878)	37,392
Total other financing sources (uses)	(1,566,070)	(1,603,462)	(1,536,587)	66,875
CHANGE IN FUND BALANCE	(1,540,462)	(2,728,243)	3,542,088	6,270,331
FUND BALANCE - BEGINNING	24,857,872	24,857,872	24,857,872	-
FUND BALANCE - ENDING	$ 23,317,410	$ 22,129,629	$ 28,399,960	$ 6,270,331

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CITY OF DESOTO, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Measurement Date December 31,	**2018**	**2017**
Total pension liability		
Service cost	$ 3,696,781	$ 3,635,681
Interest on total pension liability	7,824,071	7,474,629
Changes of benefit terms	-	-
Difference between expected and actual experience	(987,632)	(366,786)
Change of assumptions	-	-
Benefit payments/refunds of contributions	(5,874,410)	(5,327,389)
Net change in total pension liability	4,658,810	5,416,135
Total pension liability, beginning	117,000,858	111,584,723
Total pension liability, ending (a)	$ 121,659,668	$ 117,000,858
Plan fiduciary net position		
Contributions - employer	$ 2,542,237	$ 2,483,717
Contributions - employee	1,584,658	1,553,710
Net investment income	(3,462,817)	14,239,492
Benefit payments/refunds of contributions	(5,874,655)	(5,327,389)
Administrative expenses	(66,931)	(73,795)
Other	(3,497)	(3,740)
Net change in fiduciary net position	(5,281,005)	12,871,995
Fiduciary net position, beginning	115,612,232	102,740,237
Fiduciary net position, ending (b)	$ 110,331,227	$ 115,612,232
Net pension liability = (a)-(b)	11,328,441	1,388,626
Fiduciary net position as a percentage of total pension liability	90.69%	98.81%
Covered payroll	$ 22,637,970	$ 22,195,857
Net Pension liability as a percentage of covered payroll	50.04%	6.26%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

2016	2015	2014
$ 3,465,471	$ 3,177,007	$ 2,763,679
7,110,831	6,960,684	6,674,548
-		(4,591,077)
(292,389)	(1,294,146)	(710,026)
-	1,862,527	-
(4,624,192)	(5,261,823)	(4,432,593)
5,659,721	5,444,249	(295,469)
105,925,002	100,480,753	100,776,222
$ 111,584,723	$ 105,925,002	$ 100,480,753
$ 2,198,752	$ 2,208,445	$ 2,324,637
1,482,781	1,420,874	1,388,154
6,568,321	145,745	5,386,759
(4,624,192)	(5,261,823)	(4,432,593)
(74,183)	(88,773)	(56,242)
(3,997)	(4,385)	(4,624)
5,547,482	(1,579,917)	4,606,091
97,192,755	98,772,672	94,166,581
$ 102,740,237	$ 97,192,755	$ 98,772,672
8,844,486	8,732,247	1,708,081
92.07%	91.76%	98.30%
$ 21,182,583	$ 20,248,609	$ 19,817,910
41.75%	43.13%	8.62%

CITY OF DESOTO, TEXAS

SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Fiscal Year Ended September 30,	**2019**	**2018**	**2017**
Actuarially determined contribution	$ 2,542,237	$ 2,547,550	$ 2,402,016
Contributions in relation to the actuarially determined contribution	2,542,237	2,547,550	2,402,016
Contribution deficiency (excess)	-	-	-
Covered payroll	22,637,970	22,704,936	21,840,500
Contributions as a percentage of covered payroll	11.2%	11.2%	11.0%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective on January 1st, 13 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	28 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

2016	2015	2014	2013	2012	2011
$ 2,278,194	$ 2,245,773	$ 2,332,905	$ 2,284,542	$ 2,381,834	$ 2,785,993
2,278,194	2,245,773	2,332,905	2,284,542	2,381,834	2,785,993
-	-	-	-	-	-
21,674,821	20,202,038	19,678,012	19,145,770	18,402,485	18,354,272
10.5%	11.1%	11.9%	11.9%	12.9%	15.2%

CITY OF DESOTO, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Measurement Date December 31,	**2018**	**2017**
Total OPEB liability		
Service cost	$ 49,804	$ 44,392
Interest on total OPEB liability	33,400	32,369
Difference between expected and acutal experience	(23,044)	-
Changes in assumptions	(72,685)	80,007
Benefit payments	(6,791)	(6,659)
Net change in total OPEB liability	(19,316)	150,109
Total OPEB liability, beginning	987,570	837,461
Total OPEB liability, ending (a)	$ 968,254	$ 987,570
Covered-employee payroll	$ 22,637,970	$ 22,704,936
Total OPEB liability as a percentage of covered payroll	4.28%	4.35%

Note: GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of yearend, all years are not available. Additional years will be added in the future as the information becomes available.

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NONMAJOR GOVERNMENTAL FUNDS

The Special Revenue Funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Regional Jail - To account for restricted revenues and expenditures of the regional jail operation utilized by the cities of DeSoto and Lancaster. The facilities house arrested persons for a maximum of 72 hours.

Municipal Court Fund - To account for municipal court fees collected through the court to provide for various municipal court security features or to enhance existing operations through technology.

Police-Seized Fund - Accounts for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified police department purposes.

Police Grant Fund - To account for grant funding received to support police operations.

Homeland Security Grant Fund - To account for grant funding received for homeland security purposes.

Hotel Occupancy Tax Fund - To account for tax revenue collected as a percentage of gross receipts for all hotel and motel temporary room rentals within the City. The funds are expended to promote tourism and culture in the City.

Health Facilities Development Corporation - Blended component unit whose purpose is to assist with the development of health care facilities for the maintenance of the public health in the City.

Housing Finance Corporation - Blended component unit whose purpose is to assist with the financing of residential developments in the City.

Industrial Development Authority, Inc. - Blended component unit whose purpose is to promote and develop commercial, industrial, manufacturing and medical research enterprises in the City.

Community Development Block Grant - To account for federal awards from the U.S. Department of Housing and Urban Development for community development.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

Parks Capital Improvement Fund - To account for the purchase and improvement of the City’s parks. Financing is provided by general obligation bonds and contributions from developers.

Fire Station Bond Project and Park Improvement Fund - These funds account for the constructing, improving and equipping fire-fighting facilities and equipping park and recreation facilities within the City. General obligation bonds provide the financing.

Park Improvements Fund - These funds account for the financial and construction costs of various park improvement projects within the City. General obligation and certificate of obligation bonds provide the financing.

City Improvements Fund - These funds will assist with future economic growth and improvement projects in the City.

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CITY OF DESOTO, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds			
	Regional Jail	Municipal Court	Police Seized Assets	Police Grants
ASSETS				
Cash and investments	$ 498,546	$ 243,595	$ 387,767	$ 46,640
Receivables, net:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Accounts	-	-	-	-
Due from other funds	24,536	-	-	457
Prepaid items	-	-	3,003	-
Total assets	523,082	243,595	390,770	47,097
LIABILITIES				
Accounts payable	2,973	5,585	40,124	819
Accrued liabilities	29,375	1,409	196	1,870
Due to other funds	-	-	-	-
Unearned revenues	-	-	6,025	-
Total liabilities	32,348	6,994	46,345	2,689
DEFERRED INFLOWS OF RESOURCES				
Unavaliable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Restricted for:				
Public safety	490,734	236,601	-	44,408
Economic development	-	-	344,425	-
Capital projects	-	-	-	-
Committed:				
Public health	-	-	-	-
Development	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Total fund balances	490,734	236,601	344,425	44,408
Total liabilities and fund balances	$ 523,082	$ 243,595	$ 390,770	$ 47,097

Special Revenue Funds						Capital Projects
Homeland Security Grant	Hotel Occupancy Tax	Health Facilities Development Corporation	Housing Finance Corporation	Industrial Development Authority	Community Development Block Grant	Parks Capital Improvement
$ 1,540	$ 1,649,376	$ 19,077	$ 139,562	$ 30,200	$ -	$ 215,397
-	130,282	-	-	-	-	-
-	-	-	-	-	21,737	-
-	113	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,540	1,779,771	19,077	139,562	30,200	21,737	215,397
-	45,144	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	21,737	-
-	100	-	-	-	-	-
-	45,244	-	-	-	21,737	-
-	56,279	-	-	-	-	-
-	56,279	-	-	-	-	-
-	-	-	-	-	-	-
-	1,678,248	-	-	-	-	-
-	-	-	-	-	-	215,397
1,540	-	19,077	-	-	-	-
-	-	-	139,562	30,200	-	-
-	-	-	-	-	-	-
1,540	1,678,248	19,077	139,562	30,200	-	215,397
$ 1,540	$ 1,779,771	$ 19,077	$ 139,562	$ 30,200	$ 21,737	$ 215,397

CITY OF DESOTO, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Capital Projects Funds			
	Fire Station Bond Project	Park Improvement	City Improvement	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 3,203,785	$ 2,125,484	$ 2,022,768	$ 10,583,737
Receivables, net:				
Taxes	-	-	-	130,282
Due from other governments	-	-	-	21,737
Accounts	-	-	-	113
Due from other funds	-	-	-	24,993
Prepaid items	-	-	-	3,003
Total assets	3,203,785	2,125,484	2,022,768	10,763,865
LIABILITIES				
Accounts payable	716,370	264,947	-	1,075,962
Accrued liabilities	-	-	-	32,850
Due to other funds	-	200,000	-	221,737
Unearned revenues	-	-	-	6,125
Total liabilities	716,370	464,947	-	1,336,674
DEFERRED INFLOWS OF RESOURCES				
Unavaliable revenue	-	-	-	56,279
Total deferred inflows of resources	-	-	-	56,279
FUND BALANCES				
Restricted for:				
Public safety	-	-	-	771,743
Economic development	-	-	-	2,022,673
Capital projects	1,261,673	1,660,537	-	3,137,607
Committed:				
Public health	-	-	-	20,617
Development	-	-	-	169,762
Assigned:				
Capital projects	1,225,742	-	2,022,768	3,248,510
Total fund balances	2,487,415	1,660,537	2,022,768	9,370,912
Total liabilities and fund balances	$ 3,203,785	$ 2,125,484	$ 2,022,768	$ 10,763,865

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CITY OF DESOTO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds			
	Regional Jail	Municipal Court	Police Seized Assets	Police Grants
REVENUES				
Hotel occupancy tax	$ -	$ -	$ -	$ -
Fines and fees	-	57,045	-	-
Intergovernmental	1,174,500	-	26,171	61,457
Charges for services	33,427	-	-	-
Investment earnings	6,396	2,501	8,090	-
Miscellaneous	239	-	2,353	-
Total revenues	1,214,562	59,546	36,614	61,457
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety:				
Police	1,100,367	-	209,168	51,413
Municipal court	-	74,025	-	-
Parks and recreation	-	-	-	-
Library services	-	-	-	-
Debt service:				
Bond issuance cost	-	-	-	-
Capital outlay	-	-	21,570	-
Total expenditures	1,100,367	74,025	230,738	51,413
Excess (deficiency) of revenue over expenditures	114,195	(14,479)	(194,124)	10,044
OTHER FINANCING SOURCES (SES)				
Long-term debt issuance	-	-	-	-
Proceeds from bond premium	-	-	-	-
Transfer in	-	30,000	-	3,625
Transfer out	(19,500)	(11,200)	-	-
Total other financing sources (uses)	(19,500)	18,800	-	3,625
NET CHANGE IN FUND BALANCES	94,695	4,321	(194,124)	13,669
FUND BALANCES - BEGINNING	396,039	232,280	538,549	30,739
FUND BALANCES - ENDING	$ 490,734	$ 236,601	$ 344,425	$ 44,408

Special Revenue Funds						Capital Projects
Homeland Security Grant	Hotel Occupancy Tax	Health Facilities Development Corporation	Housing Finance Corporation	Industrial Development Authority	Community Development Block Grant	Parks Capital Improvement
$ -	$ 985,335	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	339,224	-
-	22,579	-	-	-	-	-
-	27,827	325	106	529	772	1,103
-	-	-	-	-	-	112,150
-	1,035,741	325	106	529	339,996	113,253
-	434,338	-	19,873	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	203,811	-	-	-	-	1,620
-	-	-	-	-	79,985	-
-	-	-	-	-	-	-
-	143,541	-	-	-	-	-
-	781,690	-	19,873	-	79,985	1,620
-	254,051	325	(19,767)	529	260,011	111,633
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(102,049)	-	-	-	(264,415)	-
-	(102,049)	-	-	-	(264,415)	-
-	152,002	325	(19,767)	529	(4,404)	111,633
1,540	1,526,246	18,752	159,329	29,671	4,404	103,764
$ 1,540	$ 1,678,248	$ 19,077	$ 139,562	$ 30,200	$ -	$ 215,397

CITY OF DESOTO, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Capital Projects Funds			
	Fire Station Bond Project	Park Improvement	City Improvement	Total Nonmajor Governmental Funds
REVENUES				
Hotel occupancy tax	$ -	$ -	$ -	$ 985,335
Fines and fees	-	-	-	57,045
Intergovernmental	-	-	-	1,601,352
Charges for services	-	-	-	56,006
Investment earnings	103,109	33,804	22,768	207,330
Miscellaneous	-	-	-	114,742
Total revenues	103,109	33,804	22,768	3,021,810
EXPENDITURES				
Current:				
General government	-	-	-	454,211
Public safety:				
Police	-	-	-	1,360,948
Municipal court	-	-	-	74,025
Parks and recreation	-	-	-	205,431
Library services	-	-	-	79,985
Debt service:				
Interest and other	-	20,195	-	20,195
Capital outlay	2,875,684	473,837	-	3,514,632
Total expenditures	2,875,684	494,032	-	5,709,427
Excess (deficiency) of revenue over expenditures	(2,772,575)	(460,228)	22,768	(2,687,617)
OTHER FINANCING SOURCES (USES)				
Long-term debt issuance	-	947,422	-	947,422
Proceeds from bond premium	-	75,683	-	75,683
Transfer in	1,000,000	-	-	1,033,625
Transfer out	-	-	-	(397,164)
Total other financing sources (uses)	1,000,000	1,023,105	-	1,659,566
NET CHANGE IN FUND BALANCES	(1,772,575)	562,877	22,768	(1,028,051)
FUND BALANCES - BEGINNING	4,259,990	1,097,660	2,000,000	10,398,963
FUND BALANCES - ENDING	$ 2,487,415	$ 1,660,537	$ 2,022,768	$ 9,370,912

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BUDGETARY COMPARISON SCHEDULES

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CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 7,127,154	$ 7,127,154	$ 7,316,485	$ 189,331
Intergovernmental	358,407	358,407	353,030	(5,377)
Investment earnings	1,500	1,500	43,835	42,335
Total revenue	7,487,061	7,487,061	7,713,350	226,289
EXPENDITURES				
Debt service:				
Principal	5,408,895	5,408,895	5,408,895	-
Interest and other	2,059,610	2,059,610	2,056,292	3,318
Total expenditures	7,468,505	7,468,505	7,465,187	3,318
Excess of revenues over expenditures	18,556	18,556	248,163	229,607
OTHER FINANCING SOURCES (USES)				
Transfers in	337,613	337,613	337,613	-
Transfers out	(26,300)	(26,300)	(26,300)	-
Total other financing sources (uses)	311,313	311,313	311,313	-
NET CHANGE IN FUND BALANCE	329,869	329,869	559,476	229,607
FUND BALANCE - BEGINNING	4,031,605	4,031,605	4,031,605	-
FUND BALANCE - ENDING	$ 4,361,474	$ 4,361,474	$ 4,591,081	$ 229,607

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
REGIONAL JAIL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 1,174,500	$ 1,174,500	$ 1,174,500	$ -
Charges for services	22,800	22,800	33,427	10,627
Investment earnings	450	450	6,396	5,946
Miscellaneous	480	480	239	(241)
Total revenues	1,198,230	1,198,230	1,214,562	16,332
EXPENDITURES				
Current:				
Public safety:				
Police	1,223,075	1,223,075	1,100,367	122,708
Total expenditures	1,223,075	1,223,075	1,100,367	122,708
Excess of revenues over expenditures	(24,845)	(24,845)	114,195	139,040
OTHER FINANCING SOURCES (USES)				
Transfers out	(19,500)	(19,500)	(19,500)	-
Total other financing sources (uses)	(19,500)	(19,500)	(19,500)	-
NET CHANGE IN FUND BALANCE	(44,345)	(44,345)	94,695	139,040
FUND BALANCE - BEGINNING	396,039	396,039	396,039	-
FUND BALANCE - ENDING	$ 351,694	$ 351,694	$ 490,734	$ 139,040

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	$ 60,000	$ 60,000	$ 57,045	$(2,955)
Investment earnings	500	500	2,501	2,001
Total revenues	60,500	60,500	59,546	(954)
EXPENDITURES				
Current:				
Public safety-police:				
Municipal court	84,903	84,903	74,025	10,878
Total expenditures	84,903	84,903	74,025	10,878
Excess of revenues over expenditures	(24,403)	(24,403)	(14,479)	9,924
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	30,000	-
Transfers out	(11,200)	(11,200)	(11,200)	-
Total other financing sources (uses)	18,800	18,800	18,800	-
NET CHANGE IN FUND BALANCE	(5,603)	(5,603)	4,321	9,924
FUND BALANCE - BEGINNING	232,280	232,280	232,280	-
FUND BALANCE - ENDING	$ 226,677	$ 226,677	$ 236,601	$ 9,924

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE SEIZED ASSETS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 55,000	$ 55,000	$ 26,171	$(28,829)
Investment earnings	250	250	8,090	7,840
Miscellaneous	-	-	2,353	2,353
Total revenues	55,250	55,250	36,614	(18,636)
EXPENDITURES				
Current:				
Public safety:				
Police	144,100	201,525	209,168	(7,643)
Capital outlay	-	22,575	21,570	1,005
Total expenditures	144,100	224,100	230,738	(6,638)
NET CHANGE IN FUND BALANCE	(88,850)	(168,850)	(194,124)	(25,274)
FUND BALANCE - BEGINNING	538,549	538,549	538,549	-
FUND BALANCE - ENDING	$ 449,699	$ 369,699	$ 344,425	$(25,274)

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE GRANTS FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 55,000	$ 55,000	$ 61,457	$ 6,457
Total revenues	55,000	55,000	61,457	6,457
EXPENDITURES				
Current:				
Public safety:				
Police	144,100	201,525	51,413	150,112
Total expenditures	144,100	201,525	51,413	150,112
Excess of revenues over expenditures	(89,100)	(146,525)	10,044	156,569
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,625	3,625
Total other financing sources (uses)	-	-	3,625	3,625
NET CHANGE IN FUND BALANCE	(89,100)	(146,525)	13,669	160,194
FUND BALANCE - BEGINNING	30,739	30,739	30,739	-
FUND BALANCE - ENDING	$(58,361)	$(115,786)	$ 44,408	$ 160,194

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL OCCUPANCY TAX FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Hotel occupancy tax	$ 900,000	$ 900,000	$ 985,335	$ 85,335
Charges for services	4,700	4,700	22,579	17,879
Investment earnings	1,500	1,500	27,827	26,327
Total revenues	906,200	906,200	1,035,741	129,541
EXPENDITURES				
Current:				
General government	631,900	631,900	434,338	197,562
Parks and recreation	223,720	223,720	203,811	19,909
Caital outlay	100,560	183,300	143,541	39,759
Total expenditures	956,180	1,038,920	781,690	257,230
Excess of revenues over expenditures	(49,980)	(132,720)	254,051	386,771
OTHER FINANCING SOURCES (USES)				
Transfers out	(352,049)	(352,049)	(102,049)	250,000
Total other financing sources (uses)	(352,049)	(352,049)	(102,049)	250,000
NET CHANGE IN FUND BALANCE	(402,029)	(484,769)	152,002	636,771
FUND BALANCE - BEGINNING	1,526,246	1,526,246	1,526,246	-
FUND BALANCE - ENDING	$ 1,124,217	$ 1,041,477	$ 1,678,248	$ 636,771

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PARKS CAPITAL IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ 300	$ 300	$ 1,103	$ 803
Miscellaneous	10,000	10,000	112,150	102,150
Total revenues	10,300	10,300	113,253	102,953
EXPENDITURES				
Current:				
Parks and recreation	-	30,000	1,620	28,380
Capital outlay	10,000	10,000	-	10,000
Total expenditures	10,000	40,000	1,620	38,380
NET CHANGE IN FUND BALANCE	300	(29,700)	111,633	141,333
FUND BALANCE - BEGINNING	103,764	103,764	103,764	-
FUND BALANCE - ENDING	$ 104,064	$ 74,064	$ 215,397	$ 141,333

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STREET IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ -	$ 372,375	$ 372,375	$ -
Investment earnings	4,000	4,000	119,847	115,847
Total revenues	4,000	376,375	492,222	115,847
EXPENDITURES				
Debt service:				
Interest and other	50,000	50,000	62,352	(12,352)
Capital outlay	11,720,179	10,250,315	2,221,041	8,029,274
Total expenditures	11,770,179	10,300,315	2,283,393	8,016,922
Excess of revenues over expenditures	(11,766,179)	(9,923,940)	(1,791,171)	8,132,769
OTHER FINANCING SOURCES (USES)				
Long-term debt issuance	3,500,000	3,500,000	3,307,578	(192,422)
Proceeds from bond premium	-	-	264,964	264,964
Transfers in	879,431	879,431	969,104	89,673
Transfers out	-	-	-	-
Total other financing sources (uses)	4,379,431	4,379,431	4,541,646	162,215
NET CHANGE IN FUND BALANCE	(7,386,748)	(5,544,509)	2,750,475	8,294,984
FUND BALANCE - BEGINNING	7,042,971	7,042,971	7,042,971	-
FUND BALANCE - ENDING	$(343,777)	$ 1,498,462	$ 9,793,446	$ 8,294,984

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PUBLIC FACILITIES CAPITAL IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 200,000	$ 200,000	$ 200,000	$ -
Investment earnings	-	-	60,931	60,931
Total revenues	200,000	200,000	260,931	60,931
EXPENDITURES				
Current:				
General government	-	86,950	85,290	1,660
Debt Service:				
Bond issuance cost	-	-	89,712	(89,712)
Capital outlay	2,332,596	2,891,827	2,358,324	533,503
Total expenditures	2,332,596	2,978,777	2,533,326	445,451
Excess of revenues over expenditures	(2,132,596)	(2,778,777)	(2,272,395)	506,382
OTHER FINANCING SOURCES (USES)				
Long-term debt issuance	-	-	4,140,000	4,140,000
Proceeds from bond premium	-	-	277,491	277,491
Transfers in	1,818,000	1,855,392	1,818,000	(37,392)
Total other financing sources (uses)	1,818,000	1,855,392	6,235,491	4,380,099
NET CHANGE IN FUND BALANCE	(314,596)	(923,385)	3,963,096	4,886,481
FUND BALANCE - BEGINNING	195,146	195,146	195,146	-
FUND BALANCE - ENDING	$(119,450)	$(728,239)	$ 4,158,242	$ 4,886,481

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FIRE STATION BOND PROJECT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30,2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 103,109	$ 103,109
Total revenues	-	-	103,109	103,109
EXPENDITURES				
Capital outlay	2,891,317	4,191,317	2,875,684	1,315,633
Total expenditures	2,891,317	4,191,317	2,875,684	1,315,633
Excess of revenues over expenditures	(2,891,317)	(4,191,317)	(2,772,575)	1,418,742
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Total other financing sources (uses)	1,000,000	1,000,000	1,000,000	-
NET CHANGE IN FUND BALANCE	(1,891,317)	(3,191,317)	(1,772,575)	1,418,742
FUND BALANCE - BEGINNING	4,259,990	4,259,990	4,259,990	-
FUND BALANCE - ENDING	$ 2,368,673	$ 1,068,673	$ 2,487,415	$ 1,418,742

CITY OF DESOTO, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PARK IMPROVEMENT FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Investment earnings	$ -	$ -	$ 33,804	$ 33,804
Total revenues	-	-	33,804	33,804
EXPENDITURES				
Debt service:				
Interest and other	-	-	20,195	(20,195)
Capital outlay	1,177,918	1,412,599	473,837	938,762
Total expenditures	1,177,918	1,412,599	494,032	918,567
Excess of revenues over expenditures	(1,177,918)	(1,412,599)	(460,228)	952,371
OTHER FINANCING SOURCES (USES)				
Long-term debt issuance	-	-	947,422	947,422
Proceeds from bond premium	-	-	75,683	75,683
Total other financing sources (uses)	-	-	1,023,105	1,023,105
NET CHANGE IN FUND BALANCE	(1,177,918)	(1,412,599)	562,877	1,975,476
FUND BALANCE - BEGINNING	1,097,660	1,097,660	1,097,660	-
FUND BALANCE - ENDING	$(80,258)	$(314,939)	$ 1,660,537	$ 1,975,476

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AGENCY FUND

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CITY OF DESOTO, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Balance 9/30/2018	Additions	Deductions	Balance 9/30/2019
Southwest Regional Communications Center				
ASSETS				
Cash and cash equivalents	$ 1,928,683	$ 3,538,722	$ 4,176,553	$ 1,290,852
Total assets	$ 1,928,683	$ 3,538,722	$ 4,176,553	$ 1,290,852
LIABILITIES				
Due to Southwest Regional Communications Center	$ 1,928,683	$ 3,538,722	$ 4,176,553	$ 1,290,852
Total liabilities	$ 1,928,683	$ 3,538,722	$ 4,176,553	$ 1,290,852

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DISCRETELY PRESENTED COMPONENT UNITS
FUND FINANCIAL STATAMENTS

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CITY OF DESOTO, TEXAS

BALANCE SHEETS - DISCRETELY PRESENTED COMPONENT UNITS

SEPTEMBER 30, 2019

	DeSoto Parks Development Corporation	DeSoto Economic Development Corporation
ASSETS		
Cash and investments	$ 618,941	$ 3,118,309
Taxes receivable	142,302	426,905
Notes receivable	-	34,256
Total assets	761,243	3,579,470
LIABILITIES		
Accounts payable	-	29,848
Security deposits	-	50,804
Total liabilities	-	80,652
FUND BALANCES		
Restricted for:		
Park and park facilities projects	761,243	-
Economic development	-	3,498,818
Total fund balances	761,243	3,498,818
Total liabilities and fund balances	$ 761,243	$ 3,579,470

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

Total Fund Balances - Component Unit	$ 761,243	$ 3,498,818
Amounts reported for the component unit in the statement of net position are different because:		
Capital assets are used in the component unit are not current financial resources and therefore are not reported in this fund financial statement. These consist of:		
Land	11,250	-
Improvements other than buildings (net of accumulated depreciation)	1,731,271	-
Some debt related deferred outflows of resources and liabilities do not represent current resources or are not due and payable in the current period and are not included in the fund financial statements. These balances consist of:		
Deferred charges on refunding	-	6,578
Accrued interest	(8,643)	(14,931)
Long-term debt	(945,000)	(1,556,091)
Net Position of Component Unit	$ 1,550,121	$ 1,934,374

CITY OF DESOTO, TEXAS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNITS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	DeSoto Parks Development Corporation	DeSoto Economic Development Corporation
REVENUES		
Sales tax	$ 867,142	$ 2,601,427
Investment earnings	6,275	41,667
Rent Revenue	-	274,784
Miscellaneous revenue	-	9,692
Total revenues	873,417	2,927,570
EXPENDITURES		
Current:		
Parks and leisure services	364,983	-
Economic development	-	2,796,730
Debt service:		
Principal	410,000	235,000
Interest and other charges	54,050	68,938
Total expenditures	829,033	3,100,668
Excess (deficiency) of revenues over expenditures	44,384	(173,098)
FUND BALANCE - BEGINNING	716,859	3,671,916
FUND BALANCE - ENDING	$ 761,243	$ 3,498,818

CITY OF DESOTO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net Change in Fund Balances - Component Unit	$ 44,384	$(173,098)
Amounts reported for the component unit in the statement of activities are different because:		
The component unit reports outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation in the current period.	(117,251)	-
The component unit reports bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. The component unit fund reports repayment of bond principal as an expenditures. In contrast, the Statement of Net Position shows this as a reduction of long-term		
Repayment of principal on long-term debt	410,000	235,000
Amortization of premium on debt	-	3,717
Amortization of deferred loss on refunding	-	(1,645)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Accrued interest	(1,456)	(5,784)
Changes in Net Position of Component Units	$ 335,677	$ 58,190

STATISTICAL SECTION

STATISTICAL SECTION
(Unaudited)

This part of the City of DeSoto's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents Pages

Financial Trends 84 – 94

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 95 – 99

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 100 – 106

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 107 - 109

This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 110 – 115

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DESOTO, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	$ 82,952,006	$ 83,839,278	$ 85,553,558	$ 80,552,505
Restricted	1,727,639	2,629,370	2,762,778	5,011,347
Unrestricted	12,761,912	9,708,413	9,830,512	8,889,050
Total governmental activities net position	$ 97,441,557	$ 96,177,061	$ 98,146,848	$ 94,452,902
Business-type activities				
Net investment in capital assets	$ 59,668,820	$ 46,444,456	$ 57,708,884	$ 55,777,822
Unrestricted	6,493,872	21,617,015	10,933,100	13,095,617
Total business-type activities net position	$ 66,162,692	$ 68,061,471	$ 68,641,984	$ 68,873,439
Primary government				
Net investment in capital assets	$ 142,620,826	$ 130,283,734	$ 143,262,442	$ 136,330,327
Restricted	1,727,639	2,629,370	2,762,778	5,011,347
Unrestricted	19,255,784	31,325,428	20,763,612	21,984,667
Total primary government net position	$ 163,604,249	$ 164,238,532	$ 166,788,832	$ 163,326,341

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 79,821,001	$ 75,008,168	$ 75,388,877	$ 75,324,298	$ 80,033,283	$ 99,237,824
6,171,884	6,848,661	7,145,838	7,114,045	7,593,680	7,872,714
11,361,795	21,092,761	24,359,405	28,502,199	27,706,164	15,348,727
$ 97,354,680	$ 102,949,590	$ 106,894,120	$ 110,940,542	$ 115,333,127	$ 122,459,265
$ 53,034,176	$ 52,019,447	$ 52,278,918	$ 48,359,679	$ 48,169,097	$ 48,890,037
14,439,474	15,159,256	14,882,299	18,440,994	19,377,215	18,250,922
$ 67,473,650	$ 67,178,703	$ 67,161,217	$ 66,800,673	$ 67,546,312	$ 67,140,959
$ 132,855,177	$ 127,099,615	$ 127,667,795	$ 123,683,977	$ 128,202,380	$ 148,127,861
6,171,884	6,848,661	7,145,838	7,114,045	7,593,680	7,872,714
25,801,269	36,252,017	39,241,704	46,943,193	47,083,379	33,599,649
$ 164,828,330	$ 170,200,293	$ 174,055,337	$ 177,741,215	$ 182,879,439	$ 189,600,224

CITY OF DESOTO, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	$ 4,845,547	$ 5,217,799	$ 4,562,337	$ 4,054,193
Public safety	17,889,132	17,578,307	17,491,146	17,789,694
Development services	8,109,041	7,788,666	7,312,154	8,878,903
Financial services	884,724	855,547	926,892	492,164
Municipal court	-	-	-	456,592
Information technology	294,032	294,197	280,360	306,289
Human resources	171,664	139,935	197,978	246,211
Parks and recreation services	3,683,752	3,584,536	3,844,791	3,899,590
Library services	949,520	896,501	890,239	892,249
Interest and other fees	3,557,515	3,423,048	3,391,573	2,634,793
Total governmental activities expenses	40,384,927	39,778,536	38,897,470	39,650,678
Business-type activities:				
Water and wastewater	12,697,975	13,452,042	14,097,518	14,061,689
Drainage	1,209,603	1,282,892	1,427,820	1,970,730
Sanitation	2,935,666	2,957,452	3,246,026	3,695,159
Total business-type activities expenses	16,843,244	17,692,386	18,771,364	19,727,578
Total primary government expenses	$ 57,228,171	$ 57,470,922	$ 57,668,834	$ 59,378,256
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 329,150	$ 226,158	$ 365,815	$ 618,605
Public safety	2,518,011	2,459,939	2,865,010	3,024,624
Development services	575,242	795,377	823,229	871,691
Financial services	756,356	864,197	813,009	768,546
Information technology	61,406	64,841	62,601	63,068
Parks and recreation services	-	-	-	-
Library services	-	-	-	-
Operating grants and contributions	1,684,707	926,017	1,254,754	1,040,029
Capital grants and contributions	338,964	402,804	2,450,162	376,468
Total governmental activities program revenues	6,263,836	5,739,333	8,634,580	6,763,031
Business-type activities:				
Charges for services:				
Water and wastewater	14,155,822	16,680,611	16,138,436	16,532,417
Drainage	1,463,866	1,472,674	1,458,904	1,488,332
Sanitation	3,199,311	3,244,899	3,428,857	3,848,776
Capital grants and contributions	35,571	158,865	15,000	137,750
Total business-type activities program revenues	18,854,570	21,557,049	21,041,197	22,007,275
Total primary government program revenues	$ 25,118,406	$ 27,296,382	$ 29,675,777	$ 28,770,306

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 3,689,262	$ 4,472,030	$ 6,116,384	$ 3,683,213	$ 5,049,294	$ 4,048,074
18,322,046	15,633,862	19,523,630	20,858,244	19,970,864	21,051,755
9,201,069	8,860,259	9,599,031	9,785,883	10,626,406	9,707,942
397,475	215,738	461,984	547,209	553,589	1,292,733
541,705	496,540	574,850	664,332	654,228	778,528
428,672	521,186	767,304	1,032,524	1,183,645	1,677,972
290,303	253,336	390,706	420,891	543,970	698,423
3,683,337	3,623,576	3,994,107	4,402,453	4,374,426	4,717,832
919,596	776,904	1,017,369	1,055,252	1,046,804	1,348,581
2,453,548	2,807,023	2,352,141	3,138,147	1,797,897	1,805,323
39,927,013	37,660,454	44,797,506	45,588,148	45,801,123	47,127,163
15,982,382	16,049,932	17,589,431	19,002,233	19,439,621	22,201,294
1,594,527	1,155,389	1,232,946	1,220,638	1,187,471	1,269,645
3,795,723	3,843,039	4,035,409	4,316,881	4,522,062	4,810,022
21,372,632	21,048,360	22,857,786	24,539,752	25,149,154	28,280,961
$ 61,299,645	$ 58,708,814	$ 67,655,292	$ 70,127,900	$ 70,950,277	$ 75,408,124
$ 332,066	$ 452,770	$ 466,958	$ 459,447	$ 454,807	$ 685,093
4,225,010	4,564,521	4,193,774	4,053,992	3,942,371	4,304,001
1,260,957	1,319,083	1,268,385	1,407,041	1,395,670	1,090,269
-	-	-	-	-	-
-	-	-	-	-	-
749,215	750,124	721,131	698,496	740,252	885,912
59,149	44,048	39,301	36,963	36,095	34,615
964,431	1,228,969	1,084,583	1,148,587	1,009,861	1,260,717
1,787	1,787	250,000	250,000	150,000	-
7,592,615	8,361,302	8,024,132	8,054,526	7,729,056	8,260,607
16,583,747	17,849,524	19,286,512	20,322,951	21,971,318	23,591,911
1,483,893	1,501,251	1,530,199	1,545,804	1,552,846	1,563,225
3,954,851	4,003,031	4,111,474	4,259,301	4,345,350	4,397,161
-	-	-	-	-	-
22,022,491	23,353,806	24,928,185	26,128,056	27,869,514	29,552,297
$ 29,615,106	$ 31,715,108	$ 32,952,317	$ 34,182,582	$ 35,598,570	$ 37,812,904

CITY OF DESOTO, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2010	2011	2012	2013
Program Revenues				
Net (expense) revenue:				
Governmental activities	$(34,121,091)	$(34,039,203)	$(30,262,890)	$(32,887,647)
Business-type activities	2,011,326	3,864,663	2,269,833	2,279,697
Total primary government net (expense) revenue	$(32,109,765)	$(30,174,540)	$(27,993,057)	$(30,607,950)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	$ 20,998,395	$ 21,392,377	$ 20,673,781	$ 21,165,572
Sales taxes	5,532,796	5,409,524	5,929,029	6,089,949
Franchise and other taxes	2,794,521	2,998,791	2,835,277	2,846,979
Hotel occupancy	571,969	634,074	734,528	755,819
Unrestricted investment earnings	42,494	83,020	70,204	74,177
Miscellaneous	208,314	262,238	254,756	207,602
Transfers	1,769,052	1,651,170	1,735,102	1,836,131
Total governmental activities	31,917,541	32,431,194	32,232,677	32,976,229
Business-type activities:				
Interest and investment earnings	31,429	28,799	45,782	68,425
Miscellaneous	87,006	-	-	-
Transfers	(1,769,052)	(1,651,170)	(1,735,102)	(1,836,131)
Total business-type activities	(1,650,617)	(1,622,371)	(1,689,320)	(1,767,706)
Total primary government	30,266,924	30,808,823	30,543,357	31,208,523
Change in Net Position				
Governmental activities	(2,203,550)	(1,608,009)	1,969,787	88,582
Business-type activities	360,709	2,242,292	580,513	511,991
Total primary government	$(1,842,841)	$ 634,283	$ 2,550,300	$ 600,573

Source: City financial statements

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
$(32,334,398)	$(29,299,152)	$(36,773,374)	$(37,533,622)	$(38,072,067)	$(38,866,556)
649,859	2,305,446	2,070,399	1,588,304	2,720,360	1,271,336
$(31,684,539)	$(26,993,706)	$(34,702,975)	$(35,945,318)	$(35,351,707)	$(37,595,220)
$ 21,730,242	$ 22,332,142	$ 24,570,117	$ 25,082,533	$ 27,172,987	$ 29,506,876
6,548,886	8,865,087	8,838,202	7,628,513	8,293,142	8,474,803
3,024,987	3,177,165	3,067,237	3,017,636	3,230,330	3,063,055
790,657	840,967	959,888	903,183	1,057,307	1,041,614
61,157	120,644	192,921	302,375	647,466	950,107
956,711	794,451	822,302	2,521,996	713,774	832,431
2,123,536	2,266,818	2,267,237	2,123,808	2,123,808	2,123,808
35,236,176	38,397,274	40,717,904	41,580,044	43,238,814	45,992,694
73,888	99,713	107,352	111,460	207,387	447,119
-	-	-	63,500	-	-
(2,123,536)	(2,266,818)	(2,267,237)	(2,123,808)	(2,123,808)	(2,123,808)
(2,049,648)	(2,167,105)	(2,159,885)	(1,948,848)	(1,916,421)	(1,676,689)
33,186,528	36,230,169	38,558,019	39,631,196	41,322,393	44,316,005
2,901,778	9,098,122	3,944,530	4,046,422	5,166,747	7,126,138
(1,399,789)	138,341	(89,486)	(360,544)	803,939	(405,353)
$ 1,501,989	$ 9,236,463	$ 3,855,044	$ 3,685,878	$ 5,970,686	$ 6,720,785

CITY OF DESOTO, TEXAS

FUND BALANCES OF GEVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2010	2011	2012	2013
General fund:				
Reserved	$ 221,638	$ -	$ -	$ -
Unreserved	6,964,196	-	-	-
Nonspendable:				
Inventories	-	39,331	52,881	45,363
Prepaids	-	-	-	-
Assigned:				
Future healthcare costs	-	-	-	-
Subsequent year's budget	-	528,025	557,178	-
Unassigned	-	7,967,759	8,684,056	10,590,898
Total General Fund	7,185,834	8,535,115	9,294,115	10,636,261
All Other Governmental Funds:				
Reserved	18,072,628	-	-	-
Special revenue funds	(375,719)	-	-	-
Non Spendable: Note Receivable	-	212,025	161,673	109,005
Restricted:				
Debt Service	-	1,450,009	1,603,729	1,655,137
Street Improvements	-	9,080,205	7,480,942	5,684,787
Public safety	-	679,910	728,475	696,371
Economic Development	-	558,547	552,351	800,580
Culture and Recreation	-	617	-	-
Capital projects	-	1,327,888	35,248	35,248
Committed:				
Public Health	-	18,323	18,352	18,355
Development activities	-	150,081	152,029	277,947
Assigned:				
Street Improvements	-	1,387,953	826,931	115,737
Capital projects	-	-	729,681	528,404
Total Other Governmental Funds	17,696,909	14,865,558	12,289,411	9,921,571
Total Fund Balances of Governmental Funds	$ 24,882,743	$ 23,400,673	$ 21,583,526	$ 20,557,832

Source: Balance Sheets - Governmental Funds in City's CAFRs.

2014	2015	2016	2017	2018	2019
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
42,754	42,754	32,561	39,087	48,487	55,378
-	-	-	1,000	-	-
-	-	-	-	440,000	440,000
-	-	-	-	-	-
13,395,310	18,868,052	20,923,754	23,655,407	24,369,385	27,904,582
13,438,064	18,910,806	20,956,315	23,695,494	24,857,872	28,399,960
-	-	-	-	-	-
-	-	-	-	-	-
57,003	-	438	-	-	-
2,532,070	2,829,319	3,194,715	3,641,392	4,031,605	4,591,081
2,592,811	3,971,537	4,161,565	7,540,075	7,042,971	7,805,773
922,879	1,275,472	1,038,550	1,040,401	1,194,604	771,743
1,034,694	1,339,552	1,628,378	1,426,591	1,526,246	2,022,673
-	-	-	-	-	-
-	-	-	-	-	4,513,258
18,370	18,387	18,435	20,076	20,292	20,617
258,979	240,997	226,523	212,297	193,404	169,762
-	-	-	-	-	1,987,673
246,994	3,860,287	5,867,799	8,799,902	-	6,031,101
7,663,800	13,535,551	16,136,403	22,680,734	14,009,122	27,913,681
$ 21,101,864	$ 32,446,357	$ 37,092,718	$ 46,376,228	$ 38,866,994	$ 56,313,641

CITY OF DESOTO, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2010	2011	2012	2013
Revenues				
Taxes				
Property taxes	$ 20,972,154	$ 20,719,051	$ 20,753,144	$ 21,147,434
Sales taxes	5,532,796	5,860,318	6,423,115	6,089,949
Franchise fees and others	2,828,106	2,998,792	2,692,496	2,877,716
Hotel occupancy	575,384	597,292	704,045	725,382
Fines and forfeitures	1,096,452	1,054,477	958,534	998,412
Licenses and permits	732,293	795,377	823,229	871,691
Intergovernmental	1,297,146	1,278,510	2,072,020	1,867,758
Charges for services	1,627,574	1,696,669	1,921,012	2,189,271
Investment earnings	76,403	83,020	70,204	74,177
Recreation services	748,192	820,760	796,815	748,099
Miscellaneous	535,208	257,910	156,764	291,392
Total Revenues	36,021,708	36,162,176	37,371,378	37,881,281
Expenditures				
Current:				
General government	1,961,081	2,622,418	2,631,101	2,120,838
Public safety	16,653,927	16,981,677	16,591,396	16,917,596
Development services	3,551,797	3,340,924	3,042,163	3,103,786
Financial services	778,779	727,046	762,721	833,766
Municipal court	-	-	-	-
Information technology	284,355	293,953	274,064	290,045
Human resources	167,715	140,181	197,010	247,092
Parks and recreation	3,234,926	3,186,277	3,222,956	3,077,070
Library services	935,633	879,457	869,133	875,161
Non-departmental	2,067,520	1,288,744	1,386,474	1,423,854
Debt service:				
Principal	4,140,140	4,641,948	4,989,020	5,602,787
Interest and fiscal charges	3,527,769	3,602,843	3,692,322	2,915,788
Capital outlay	4,362,869	3,755,708	3,524,766	3,386,111
Total Expenditures	41,666,511	41,461,176	41,183,126	40,793,894
Excess of revenues over (under) expenditures	(5,644,803)	(5,299,000)	(3,811,748)	(2,912,613)
Other Financing Sources (Uses)				
Issuance long-term debt	755,000	3,314,406	18,040,000	10,375,000
Premium from bond issuance	-	-	-	-
Other sources	130,802	189,967	3,220,773	733,159
Payment to refund escrow agent	(724,621)	(1,338,613)	(21,001,274)	(11,161,123)
Transfer in	7,396,548	2,981,635	3,314,660	4,077,117
Transfer out	(5,627,496)	(1,330,465)	(1,579,558)	(2,240,986)
Net other financing sources (uses)	1,930,233	3,816,930	1,994,601	1,783,167
Net change in fund balances	$(3,714,570)	$(1,482,070)	$(1,817,147)	$(1,129,446)
Debt service as a percentage of noncapital expenditures	20.6%	21.9%	23.1%	22.8%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

TABLE 4

2014	2015	2016	2017	2018	2019
$ 21,709,933	$ 22,519,005	$ 23,525,948	$ 25,139,231	$ 27,117,831	$ 29,846,532
6,548,886	7,721,468	7,434,323	7,671,052	8,334,059	8,474,803
3,024,987	3,138,343	3,023,812	2,975,097	3,189,413	3,063,055
790,657	840,967	959,888	903,183	1,057,307	985,335
1,520,772	1,651,605	1,425,402	1,381,768	1,516,509	1,299,390
1,248,422	1,301,283	1,280,155	1,407,041	1,395,670	1,090,269
2,261,079	2,395,890	2,966,622	3,592,705	2,598,124	3,007,592
2,283,407	2,621,251	2,330,713	2,482,584	2,116,107	2,478,087
61,157	120,644	192,921	302,375	647,466	950,107
731,655	731,396	704,626	683,748	723,686	675,259
781,805	327,420	407,518	554,115	577,728	460,056
40,962,760	43,369,272	44,251,928	47,092,899	49,273,900	52,330,485
1,260,101	1,234,143	1,495,396	1,462,675	1,609,394	3,561,331
16,493,144	16,873,317	17,471,592	18,371,592	18,281,537	18,972,443
6,077,682	4,935,865	4,768,473	4,984,007	4,807,031	4,768,678
330,271	330,494	394,729	455,303	508,146	1,219,243
525,049	584,523	553,850	630,332	640,028	716,724
402,041	474,937	621,493	878,203	1,053,838	1,517,262
288,934	329,166	373,022	392,306	533,957	667,485
2,882,472	3,130,647	3,205,034	3,463,275	3,490,816	3,701,599
896,324	886,474	1,086,062	1,112,442	1,128,874	1,269,195
3,084,050	2,922,910	2,473,767	2,533,268	3,887,533	-
4,630,076	4,866,302	5,117,121	12,803,125	5,644,653	5,465,847
2,643,073	2,587,579	2,748,066	2,526,036	2,337,157	2,231,028
3,140,232	2,353,421	4,910,606	5,982,739	7,370,715	9,663,995
42,653,449	41,509,778	45,219,211	55,595,303	51,293,679	53,754,830
(1,690,689)	1,859,494	(967,283)	(8,502,404)	(2,019,779)	(1,424,345)
75,000	6,718,947	10,023,977	21,583,025	-	8,395,000
-	-	-	-	-	618,138
36,185	500,739	62,847	1,054,486	46,300	74,483
-	-	(6,742,097)	(6,975,233)	-	-
3,665,104	2,982,684	4,503,599	5,131,533	4,842,955	6,339,150
(1,541,568)	(715,866)	(2,236,362)	(3,007,725)	(2,719,147)	(4,215,342)
2,234,721	9,486,504	5,611,964	17,786,086	2,123,808	11,211,429
$ 544,032	$ 11,345,998	$ 4,644,681	$ 9,283,682	$ 2,123,808	$ 9,787,084
19.2%	18.7%	18.5%	30.9%	18.2%	17.5%

TABLE 5

CITY OF DESOTO, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax rate
2010	$ 2,486,212,011	$ 452,515,233	$ 2,938,727,244	0.6997
2011	2,384,201,534	426,128,357	2,810,329,891	0.7351
2012	2,365,056,165	430,430,576	2,795,486,741	0.7574
2013	2,313,596,055	466,342,520	2,779,938,575	0.7574
2014	2,402,889,269	474,468,022	2,877,357,291	0.7574
2015	2,510,330,406	507,665,624	3,017,996,030	0.7574
2016	2,682,537,966	447,907,641	3,130,445,607	0.7499
2017	2,998,752,687	535,052,182	3,533,804,869	0.7449
2018	3,315,801,528	568,601,030	3,884,402,558	0.7399
2019	3,653,591,267	403,677,718	4,057,268,985	0.7214

The estimated actual taxable value equals the total taxable assessed value.
All properties are assessed at 100% of actual taxable value.

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CITY OF DESOTO, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 ASSESSED VALUE)
(UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	General Fund	Debt Service Fund	Total	Dallas County & School Equalization	Dallas Parkland Hospital	Dallas County Comm. College
2010	$ 0.49592	$ 0.20381	$ 0.69973	$ 0.23330	$ 0.27400	$ 0.09490
2011	0.50492	0.23020	0.73512	0.25310	0.27100	0.09923
2012	0.50490	0.25250	0.75740	0.25310	0.27100	0.09967
2013	0.51990	0.23750	0.75740	0.25300	0.27100	0.11938
2014	0.53030	0.22710	0.75740	0.25310	0.27600	0.12470
2015	0.53030	0.22710	0.75740	0.25310	0.27600	0.12478
2016	0.52490	0.22500	0.74990	0.25310	0.27600	0.12365
2017	0.53490	0.21000	0.74490	0.25240	0.27900	0.12293
2018	0.54000	0.19990	0.73990	0.25310	0.27900	0.12424
2019	0.55000	0.17139	0.72139	0.25310	0.26950	0.12400

Note: Tax rate is at 100% of market value.

TABLE 6

Total City, County, Hospital and College	DeSoto I.S.D.	Total City, County, Hospital, College and DeSoto I.S.D.	Dallas I.S.D.	Total City, County, Hospital, College and Dallas I.S.D.	Duncanville I.S.D.	Total City, County, Hospital, College and Duncanville I.S.D.
$ 1.30193	$ 1.49000	$ 2.79193	$ 1.27134	$ 2.57327	$ 1.41800	$ 2.71993
1.35845	1.49000	2.84845	1.23781	2.59626	1.41800	2.77645
1.38117	1.44000	2.82117	1.29035	2.67152	1.41800	2.79917
1.40078	1.44000	2.84078	1.29035	2.69112	1.43000	2.83078
1.41120	1.49000	2.90120	1.28209	2.69329	1.41000	2.82120
1.41128	1.47000	2.88128	1.28209	2.69336	1.41000	2.82128
1.40265	1.46000	2.86265	1.28209	2.68474	1.52950	2.93215
1.39923	1.46000	2.85923	1.28209	2.68132	1.52150	2.92073
1.39624	1.49000	2.88624	1.28209	2.67832	1.52150	2.91774
1.36799	1.52800	2.89599	1.31000	2.67799	1.41800	2.78599

CITY OF DESOTO, TEXAS **TABLE 7**

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2010	$ 20,746,013	$ 20,277,877	97.74%	$ 437,991	$ 20,715,868	99.85%
2011	20,692,471	20,324,347	98.22%	333,782	20,658,129	99.83%
2012	21,182,362	20,705,884	97.75%	432,649	21,138,533	99.79%
2013	21,069,288	20,922,192	99.30%	80,145	21,002,337	99.68%
2014	21,808,320	21,470,787	98.45%	262,330	21,733,117	99.66%
2015	22,604,400	22,311,366	98.70%	189,317	22,500,683	99.54%
2016	24,105,582	23,827,722	98.85%	145,564	23,973,286	99.45%
2017	26,041,869	25,775,037	98.98%	73,777	25,848,814	99.26%
2018	28,054,990	27,759,374	98.95%	212,400	27,971,774	99.70%
2019	32,973,522	30,316,827	91.94%	231,885	30,548,712	92.65%

Source: City of DeSoto Joint Tax Office and Dallas County Tax Office
*** Includes Year to Date Adjustments to the Levy by the Tax Office**

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CITY OF DESOTO, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

	2019				
Taxpayer	Taxable Assessed Valuation (1)	Type of Business	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Ten Taxpayers to Assessed Valuation
Kohls Department Store	$ 242,222,810	Manufacturing	1	6.24%	34.32%
Harvest A Southfield 35 LLC	100,940,020	Manufacturing	2	2.60%	14.30%
WRH Properties Inc	92,040,710	Apartments	3	2.37%	13.04%
Kohler Co	51,999,890	Manufacturing	4	1.34%	7.37%
HLIT II CTC 3 LP	50,262,520	Manufacturing	5	1.29%	7.12%
Lowes Home Centers LLC	38,910,950	Retail	6	1.00%	5.51%
DeSoto Apartments Ltd	36,352,210	Apartments	7	0.94%	5.15%
Cintas Corporation 2	34,142,100	Retail/Uniforms	8	0.88%	4.84%
Walmart Stores Inc	33,590,450	Retail	9	0.86%	4.76%
Oncor Electric Delivery Co	25,223,290	Public Utility	10	0.65%	3.57%
Solar Turbines	-	Manufacturing		-	-
McGraw Hill Education	-	Manufacturing		-	-
Tejas Family Investments	-	Investments		-	-
Weingarten Realty Inv	-	Investments		-	-
MaClay Carlin DeSoto LTD	-	Shopping Center		-	-
DeSoto Ridge Apartments	-	Apartments		-	-
Diab LP	-	Manufacturing		-	-
Shaw Feddern LP	-	Senior Living		-	-
Total	$ 705,684,950			18.17%	100.00%

Source: (1) Dallas County Appraisal District

2010			
Taxable Assessed Valuation (1)	Rank	Percentage of Total Taxable Assessed Valuation	Percentage of Ten Taxpayers to Assessed Valuation
$ 121,264,300	1	4.13%	35.02%
		-	-
		-	-
13,526,680	10	0.46%	3.91%
		-	-
		-	-
15,250,000	7	0.52%	4.40%
		-	-
15,710,610	6	0.53%	4.54%
23,511,440	3	0.80%	6.79%
20,202,180	4	0.69%	5.83%
91,739,130	2	3.12%	26.49%
		-	-
		-	-
14,719,450	8	0.50%	4.25%
		-	-
16,211,090	5	0.55%	4.68%
14,148,570	9	0.48%	4.09%
$ 14,148,570		11.78%	100.00%

CITY OF DESOTO, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	Governmental Activities			
Fiscal Year	**General Obligation Bonds**	**Certificates of Obligation Bonds**	**Notes Payable**	**Capital Lease Obligations**
2010	$ 59,120,223	$ 21,250,000	$ 1,095,105	$ 188,241
2011	55,373,650	21,995,000	892,040	518,768
2012	54,005,759	15,865,000	678,926	410,089
2013	53,121,252	14,927,710	459,346	308,020
2014	45,570,481	14,180,000	233,105	336,990
2015	44,332,817	15,535,000	-	770,403
2016	45,500,391	13,730,000	-	636,436
2017	55,299,716	9,172,713	-	1,539,718
2018	50,472,563	8,090,138	-	1,321,865
2019	59,223,844	9,880,156	-	1,094,508

Personal income data unavailable prior to fiscal year 2007.

Business-Type Activities					
General Obligation Bonds	Certificates of Obligation	Total Primary Government	Percentage of Personal Income	Per Capita	
$ 1,212,833	$ 13,125,000	$ 95,991,402	6.52%	$ 1,986	
1,326,351	15,680,000	95,785,809	6.39%	1,953	
708,576	14,985,000	86,653,350	5.80%	1,767	
3,762,502	15,363,753	87,942,583	5.65%	1,721	
2,944,519	14,550,000	77,815,095	4.96%	1,511	
2,847,183	13,870,000	77,355,403	4.89%	1,489	
2,814,609	12,565,000	75,246,436	4.70%	1,431	
5,432,098	10,467,913	81,912,158	5.06%	1,542	
5,076,488	9,731,805	74,692,859	4.58%	1,394	
6,027,015	20,969,627	97,195,151	5.81%	1,729	

CITY OF DESOTO, TEXAS

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Total Bonded Debt (1)	Less Debt Services Monies Available
2010	48,322	$ 2,938,727,244	$ 94,708,056	$ 2,159,684
2011	49,047	2,810,329,891	94,375,001	1,450,009
2012	49,047	2,795,486,741	85,564,335	1,603,730
2013	51,102	2,779,938,575	87,175,217	1,655,136
2014	51,483	2,877,357,291	77,245,000	2,532,070
2015	51,934	3,017,996,030	76,585,000	2,820,786
2016	52,586	3,130,445,607	74,610,000	3,194,715
2017	53,128	3,533,804,869	80,372,440	3,641,392
2018	53,568	3,884,402,558	73,370,994	4,031,605
2019	56,224	4,057,268,985	96,100,643	4,581,544

(1) Includes all long-term certificates of obligation and general obligation debt.

Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Per Capita
$ 92,548,372	3.15%	$ 1,915
92,924,992	3.31%	1,895
83,960,605	3.00%	1,712
85,520,081	3.08%	1,674
74,712,930	2.60%	1,451
73,764,214	2.44%	1,420
71,415,285	2.28%	1,358
76,731,048	2.17%	1,444
69,339,389	1.79%	1,294
91,519,099	2.26%	1,628

CITY OF DESOTO, TEXAS **TABLE 11**

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2019

Taxing Jurisdiction	Total Tax Supported Debt (1)	Overlapping Percent Applicable	Overlapping Amount
Overlapping Debt			
DeSoto Independent School District	$ 143,274,401	84.06%	$ 120,436,461
Dallas County	151,495,000	1.49%	2,257,276
Dallas County Schools	37,306,896	1.49%	555,873
Dallas Independent School District	2,988,360,000	0.59%	17,631,324
Dallas County Community College District	182,800,000	1.71%	3,125,880
Dallas County Hospital District	640,180,000	1.71%	10,947,078
Duncanville Independent School District	200,331,096	6.85%	13,722,680
Total Overlapping Debt			168,676,572
City Direct Debt (Governmental Activities)	233,695,254	100.00%	233,695,254
Total Direct and Overlapping Debt			$ 402,371,826
Population			53,568
Ratio of direct and overlapping bonded debt to taxable assessed value			9.92%
Per Capita Debt-Direct and Overlapping Debt			$ 7,511

Source - First Southwest Company
(1) Includes general obligation bonds and certificates of obligation.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Texas City, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt of each overlapping government.

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CITY OF DESOTO, TEXAS

COMPUTATION OF LEGAL DEBT MARGIN
(UNAUDITED)

LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Total Assessed Value	$ 4,057,268,985	$ 3,884,402,558	$ 3,533,804,869	$ 3,130,445,607
Debt limit - (10%) of total assessed value	405,726,899	388,440,256	353,380,487	313,044,561
Amount of debt applicable to debt limit:				
Total bonded debt (including special assessment bonds)	96,100,643	73,370,994	80,372,440	74,610,000
Less: assets in debt service funds available for payment of principal	4,581,544	4,031,605	3,641,392	3,194,715
Total amount of debt applicable to debt limit	91,519,099	69,339,389	76,731,048	71,415,285
Legal Debt Margin	$ 314,207,800	$ 319,100,867	$ 276,649,439	$ 241,629,276
Ratio of outstanding net debt to the debt limit	23%	18%	22%	23%

Note: City's Debt Management Policy, Version 4, Section 9.0, adopted by the City Council April 7, 2015. "The total principal amount of general obligation bonds together with the principal amount of all other outstanding tax indebtedness of the City shall not exceed ten (10) percent of the total assessed valuation of the City's tax rolls."

TABLE 12

2015	2014	2013	2012	2011	2010
$ 3,017,996,030	$ 2,877,357,291	$ 2,779,938,575	$ 2,795,486,741	$ 2,810,329,891	$ 2,938,727,244
301,799,603	287,735,729	277,993,858	279,548,674	281,032,989	293,872,724
76,585,000	77,245,000	87,175,217	85,564,335	94,375,001	94,708,056
2,820,786	2,532,070	1,655,136	1,603,730	1,450,009	2,159,684
73,764,214	74,712,930	85,520,081	83,960,605	92,924,992	92,548,372
$ 228,035,389	$ 213,022,799	$ 192,473,777	$ 195,588,069	$ 188,107,997	$ 201,324,352
24%	26%	31%	30%	33%	31%

CITY OF DESOTO, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS
(UNAUDITED)

LAST TEN FISCAL YEARS

Fiscal Year	Population	Estimated Median Family Household Income (1)	Personal Income* (2)	Per Capita Personal Income*	Median Age
2010	48,322	$ 75,488	$ 1,472,710	30	37
2011	49,047	78,020	1,499,806	31	38.2
2012	49,047	58,711	1,494,805	30	38.2
2013	51,102	59,003	1,557,436	30	37.8
2014	51,483	60,945	1,569,047	30	36.1
2015	51,934	56,911	1,582,793	30	36.1
2016	52,586	60,945	1,599,616	30	36.1
2017	53,128	66,860	1,619,182	30	37
2018	53,568	64,575	1,632,592	30	36.1
2019	56,224	66,986	1,673,676	30	39.6

Sources:
(1) DeSoto Economic Development Corporation (Claritas) - 2015
(2) US Census Bureau
(3) DeSoto Independent School District
(4) Bureau of Labor Statistics

Note: * Amount presented in thousands of dollars

Education level in Years of Schooling	School Enrollment (3)	Unemployment Rate (4)
High School + 2 Years	9,020	9.2%
High School + 2 Years	8,995	9.4%
High School + 2 Years	8,972	7.3%
High School + 2 Years	9,177	7.0%
High School + 2 Years	9,200	5.8%
High School + 2 Years	9,600	4.0%
High School + 2 Years	9,872	3.5%
High School + 2 Years	9,742	4.7%
High School + 2 Years	8,971	5.2%
High School + 2 Years	8,716	4.3%

CITY OF DESOTO, TEXAS **TABLE 14**

PRINCIPAL EMPLOYERS
(UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

	2019			2010		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
DeSoto ISD	1,095	1	21.00%	924	1	29.84%
Kohl's e-Commerce	800	2	15.34%	-	-	-
City of DeSoto	448	3	8.59%	367	2	11.85%
Solar Turbines	440	4	8.44%	300	4	9.69%
Williamsburg Village	350	5	6.71%	210	7	6.78%
GlasFloss Industries	300	6	5.75%	-	-	-
Marten Transport	300	7	5.75%	240	6	7.75%
Wal Mart Distribution	250	8	4.79%	300	5	9.69%
Hickory Trail Hospital	209	9	4.01%	-	-	#VALUE!
The Cedars	209	10	4.01%	-	0	-
Vibra Hospital	168	11	3.22%	-	-	#VALUE!
DW Distribution	150	12	2.88%	-	0	-
Cintas	158	13	3.03%	-	-	#VALUE!
Park Manor	125	14	2.40%	-	0	-
Kroger	112	15	2.15%	-	0	-
Thom Thumb	100	16	1.92%	150	9	4.84%
DIAB	-	0	-	325	3	10.50%
Mc-Graw Hill	-	0	-	155	8	5.01%
ZEP	-	0	-	125	10	4.04%
MCM Grande	-	0	-	-	0	-
	-	0	-	-	-	-
	-	0	-	-	-	-
Total	5,214		99.99%	3,096		#VALUE!

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CITY OF DESOTO, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Full-time Equivalent Employees as of Sept 30:

	2019	2018	2017	2016
Function/Program				
Governmental Activities:				
General Government	13	11	11	10
Public Safety	154	189	205	207
Development Services	31	30	32	29
Parks and Recreation Services	21	28	26	35
Finance	10	10	9	9
Municipal Court*	7	6	7	7
Library	11	9	8	8
Human Resources	5	5	5	4
Information Technology	7	6	5	3
Water & Sewer	31	22	26	30
Drainage	5	5	5	5
Sanitation	6	5	5	5
Total	301	326	344	352
Population	56,224	53,568	53,128	52,586
Staff per 1,000 population	5.35	6.09	6.47	6.69

* Formerly categorized with Financial Services.

Source: City of DeSoto Human Resource Department

2015	2014	2013	2012	2011	2010
10	10	10	11	10	10
193	184	188	196	200	199
27	27	25	25	25	24
34	34	36	28	28	27
9	9	15	11	10	10
7	6				
15	15	15	12	12	7
5	4	3	3	3	3
4	3	2	2	2	2
31	31	30	28	26	26
5	5	5	1	1	1
5	5	5	5	5	5
345	333	334	322	322	314
51,934	51,483	51,102	49,047	49,047	48,322
6.64	6.47	6.54	6.57	6.57	6.50

CITY OF DESOTO, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Function/Program	2019	2018	2017	2016
General government				
Number of public information requests processed	618	403	469	503
Public safety				
Number of youth outreach programs held	10	5	5	5
Number of senior citizen symposiums held	1	1	1	1
Number of citizen police academics per year	4	1	1	1
Fire code inspections completed	1,857	1,430	1,477	1,433
Development services				
Traffic signal inspections	76	36	36	68
Parks and leisure services				
Total fitness facility memberships	4,147	3,215	2,128	4,017
Total swimming pool attendance	17,591	16,257	18,624	16,699
Library				
Total children's story time programs	116	134	55	69
Human resources				
Number of salary surveys completed	24	47	51	40
Finance				
Municipal court cases filed	7,747	8,088	9,425	10,101
Information technology				
Number of City computers replaced annually	74	67	94	61
Water and sewer				
Number of touch read meters changed out	1,497	1,604	1,692	1,740
Number of meters read monthly	17,561	17,740	17,570	17,387
Drainage				
Number of easements acquired for project construction	-	-	6	7
Sanitation				
Number of existing intersection landscapes renovated annually	24	18	6	18

Source: Information provided by the head of each department

2015	2014	2013	2012	2011	2010
386	392	267	2,320	2,023	86
5	2	1	9	10	11
1	1	13	1	1	1
1	1	1	2	1	2
389	235	463	756	835	978
68	34	204	68	68	85
1,139	4,433	4,519	6,347	4,861	5,780
17,723	15,817	16,461	16,474	17,148	15,648
63	61	51	57	53	32
25	21	28	24	4	5
10,077	12,371	9,157	9,105	10,499	12,106
24	58	52	82	65	8
1,580	4,224	457	1,002	1,338	1,189
17,254	17,484	16,903	15,480	16,008	15,879
-	-	-	3	-	1
4	17	2	6	4	3

CITY OF DESOTO, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(UNAUDITED)

LAST TEN FISCAL YEARS

Function/Program	2019	2018	2017	2016
Public safety				
Police stations	1	1	1	1
Fire stations	3	3	3	3
Development services				
Lane Miles of streets	495	495	495	495
Miles of alleys	90	90	90	90
Traffic signals	17	17	17	17
Parks and recreation				
Number of parks		19	19	19
Civic centers	1	1	1	1
Swimming pools	1	1	1	1
Theater playhouses	1	1	1	1
Library				
Number of libraries	1	1	1	1
Water and sewer				
Water pumping capacity	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day
Elevated water storage	5mg.	5mg.	5mg.	5mg.
Ground storage	13mg.	13mg.	13mg.	13mg.

2015	2014	2013	2012	2011	2010
1	1	1	1	1	1
3	3	3	3	3	3
495	493	482	478	491	391
90	90	90	77	91	94
17	17	17	17	17	17
19	19	19	19	19	19
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day	39.5mg/day
5mg.	5mg.	5mg.	5mg.	5mg.	5mg.
13mg.	13mg.	13mg.	13mg.	13mg.	13mg.